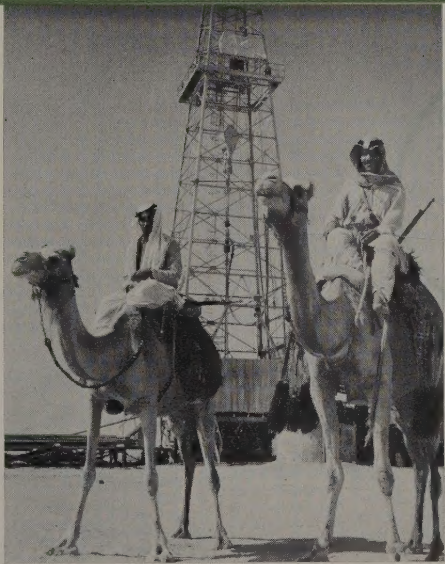
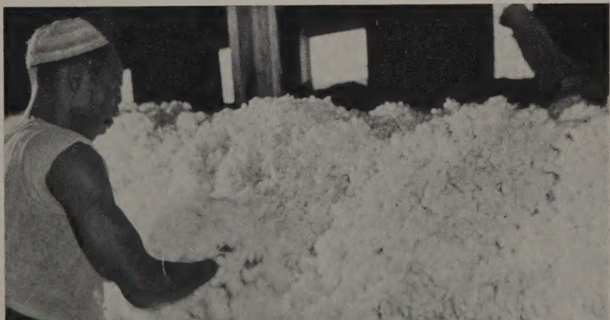
JANUARY 17, 1959

foreign trade

NADA





THE MIDDLE EAST: THE TRADE COMMISSIONERS REPORT

Established in 1904

foreign trade

OTTAWA, JANUARY 17, 1959 Vol. 111, No. 2

CANADA

cover Oil, the great dollar-earner in the Middle East, takes pride of place on the cover that introduces our annual survey of business and trade in that strategic area. (Top) These stalwart Arabs using the traditional means of transport are members of Iraq's Border Police photographed near a rig on the Rumaila oil field. (Right) Work going forward on the Negev-Haifa oil pipeline in Israel, now finished and in use. (Left) In Egypt and the Sudan, cotton is the vital crop; here a Sudanese mixes up seed cotton before it is ginned. (For reports, see pages 2 to 32.)

Published fortnightly by the Department of Trade and Commerce.
The Hon. GORDON CHURCHILL, Minister, JOHN H. ENGLISH, Deputy Minister.

Please forward all orders to: Queen's Printer, Government Printing Bureau, Ottawa.
Price: $2.00 a year in Canada; $5.00 abroad. Single copies: 20 cents each.

Canada's Trade with the Middle East

Last year saw Canada's total trade with area rise, though the figures—and the opportunities—varied from country to country. Here is the broad picture; individual reports that follow give details.

W. D. WALLACE, *Area Trade Officer for Asia.*

CANADA'S total trade with the Middle East in 1958 will surpass the 1956 and 1957 figures, despite political disturbances in many of these countries that hindered commercial expansion. Both Canada's sales to and purchases from this area rose; the largest increase was in imports of petroleum from Saudi Arabia. Exports of Canadian products to the Middle East for January-September 1958 totalled $12.6 million and for the full year may well exceed the 1957 total of $13.4 million. Imports into Canada for the first nine months of 1958 totalled $50.6 million as against $50.1 million in 1956 and $38.4 million in 1957. The table below gives details.

Exports to Turkey, Israel, Saudi Arabia, Iran, Iraq and Lebanon account for approximately 80 per cent of Canada's sales to the Middle East. Shipments in the first nine months of 1958 to four of these countries—Saudi Arabia, Israel, Lebanon and Turkey—increased in value over the previous year but those to Aden, Iraq, Iran and the Sudan fell off. Canadian commodities going to the countries in this area include wheat, asbestos milled fibres, aluminum, agricultural equipment, drugs and chemicals, oil stoves and lamps, washing machines, and motor vehicles and parts.

Canadian imports from the Middle East come chiefly from Saudi Arabia, Israel, Syria, Iraq and Iran. During the first nine months of 1958 imports into Canada from this area were well above the 1957 figure, largely because of the sharp rise in petroleum purchases from Saudi Arabia which accounted for 94 per cent of imports from the region into Canada. Imports of dates, nuts and oriental carpets made smaller gains.

Market Outlook Summarized

Canada's share of the Middle East market continues to be small and opportunities to boost exports to this area will depend upon the political stability achieved during the coming years, the ability of Canadian exports to compete in these price-conscious countries, and the aggressiveness of the exporter and his agents. The

Canadian Trade with the Middle East

(in thousands of dollars)

	Exports				Imports			
	1955	1956	1957	1958 (Jan.-Sept.)	1955	1956	1957	1958 (Jan.-Sept.)
Aden	16	9	2	.5	47	73	51	48
Egypt	1,290	2,539	1,221	863	293	165	330	182
Iran	644	790	1,717	1,287	2,063	1,057	546	432
Iraq	1,170	656	1,070	757	1,299	941	435	435
Israel	4,557	2,724	5,050	4,112	1,166	1,511	1,587	1,411
Jordan	48	96	98	93	2	1	4	5
Lebanon	1,292	1,320	1,116	1,976	17,919	19,600	43	55
Saudi Arabia	1,243	1,942	1,664	1,436	6,985	24,711	34,317	47,606
Sudan		74	213	140	50	12	45	54
Syria	1,044	719	812	698	1,058	1,351	242	113
Turkey	647	886	483	1,294	743	706	841	257
TOTAL	$11,951	$11,755	$13,446	$12,656.5	$31,625	$50,128	$38,441	$50,598

best chances for increased trade appear to lie in Lebanon, Iran, Kuwait and Bahrain, and Saudi Arabia, where there are few trade controls. The Canadian Government Trade Commissioners in the area will be pleased to assist exporters in appointing suitable agents but they stress that a personal visit by businessmen to the region will be most helpful.

The following paragraphs summarize the short-term market outlook in the various Middle Eastern countries:

ADEN—Aden is an entrepôt centre but mainly a supplier of ships' bunkering requirements. There has been practically no demand for Canadian products in this market.

IRAN—The economy of Iran enjoyed a prosperous year in 1958, the result of good crops and in particular of greater petroleum production. The gradual industrial expansion is providing a growing market for a large number of products, including industrial machinery, agricultural implements, and electrical equipment. Because foreign exchange is freely available, there are opportunities for Canadian firms to expand in this market. In the latter part of 1958, the Department of Trade and Commerce opened an office in Tehran to help promote Canadian exports to Iran.

IRAQ—The change that took place in the government of Iraq during the past year will undoubtedly mean a change also in its trading pattern. Although the western countries will continue to dominate the Iraq market for less essential consumer goods, the Eastern European countries are likely to improve their standing as suppliers of products such as agricultural equipment, oil stoves and lamps, and textiles—the things most needed by the native population.

ISRAEL—Israel's production continues to be satisfactory, but inflation and growing trade deficits plague the economy. The possibility for increased sales from Canada of products other than wheat will continue to depend on Israel's foreign exchange position.

JORDAN—As a result of the political difficulties in the neighbouring Middle East countries during the past year, Jordan found itself more depressed economically and more dependent upon foreign aid. Currency and import restrictions continue to make business difficult. There is little opportunity for increasing the sale of Canadian products.

KUWAIT AND BAHRAIN—Business conditions in these two important Persian Gulf trading centres were excellent in 1958. They are important markets for capital and consumer goods but reports indicate that they are becoming more competitive and price-conscious. Steady economic development, however, should offer good possibilities for maintaining if not increasing Canadian exports to the area.

LEBANON—The country is recovering rapidly from the damage done by over five months of political strife. Lebanon continues to be one of the principal entrepôt markets of the Middle East. Although Canadian exports to this market in 1958 are ahead of those in 1957, the possibility of maintaining or increasing them will hinge to a great extent on what business confidence and possibly on what credit terms the Canadian exporter is prepared to extend to the Lebanese customer.

SAUDI ARABIA—The economy is based on earnings from the petroleum industry but the big problem for the Government is to balance expenditures against income. The foreign exchange position of the country has improved somewhat and in any case, Saudi Arabia has a very large trade surplus with Canada. Canadian exporters may find it well worth their while to give closer attention to this market. The chief obstacles are the lack of knowledge on the part of traders in Canada and Arabia about what each can supply to the other, and the lack of direct shipping connections.

SUDAN—The economy of Sudan depends almost entirely on its cotton crop. Over the past year, unfavourable market conditions for cotton have affected business adversely. There appears to be little prospect of improving trade with Canada in the short run.

TURKEY—Only slight improvement in economic conditions in Turkey was apparent during 1958 and the trade deficit increased considerably. Turkey will be dependent on foreign aid for its essential needs for industrial development and most business will probably be done through government tenders. The outlook for increasing sales to Turkey is somewhat better because of the financial assistance it received in the latter part of the year.

UNITED ARAB REPUBLIC

Egypt—There has been little change since last year in the possible market for Canadian products in Egypt. Despite some trend towards redirecting trade to the West, the problems in arranging for payment of goods from Canada make it difficult to do business, except for a few most essential commodities.

Syria—Although Syria became a member of the United Arab Republic in 1958, the economic integration with Egypt presents many problems that will take time to solve or adjust. The 1958 crop failure has resulted in a sharp decline in foreign exchange earnings. The introduction of stricter import controls and higher tariffs will make it rather hard to expand trade with Syria in the immediate future. ●

65730-4—2

Bahrain

Bahrain's trade pattern did not vary in 1958 and revenues from oil and from the re-export of goods continued to be the mainspring of the economy. Outlook for Canadian exports may improve if trend toward development of local industries and services continues.

C. O. R. ROUSSEAU, *Commercial Secretary, Beirut.*

THE two outstanding events in 1958 in this normally quiet sheikhdom in the Persian Gulf were the inauguration on January 1 of the free zone, and the sponsoring of a second and bigger agricultural and trade fair in February.

Free Transit Area

The Bahrain free zone is the first in the Persian Gulf. Its purpose is to encourage manufacturers and merchants to use the islands as a depôt for the whole Gulf area; the Government will encourage them to open assembly plants there. There are warehousing facilities for 60,000 tons and open storage for another 5,000; by the end of 1958, this was to have been expanded to a total of 85,000 tons. The free transit area can handle 600 tons of cargo a day from vessels; cargo is unloaded into lighters. Ships of up to 6,000 tons and with a maximum draft of 18 feet can anchor three miles off the town of Manama, but heavier vessels must use the anchorage off Sitra, the oil-company harbour. However, work is progressing on a six-berth deep-water jetty to be completed in 1960.

With the opening of the free zone, the former transit charge of 2 per cent ad valorem was abolished and storage charges were introduced at the following rates: cased goods, bales and packages $0.043 per cubic foot per month, and bag cargo $4.20 per 100 bags per month.

Bigger Fairs Planned

The first agricultural and trade fair was held in 1957 but in 1958 its scope was widened and foreign interest encouraged. The fair lasted five days and there were 26,000 visitors. Some 40 Bahrain merchants contributed imported goods only to the trade section, and the Bahrain Petroleum Company set up demonstration stands. The trade exhibits this year completely eclipsed the agricultural ones.

Although some 80 per cent of the goods shown came from the United Kingdom, other countries taking part included the Netherlands; Germany, which exhibited automobiles, radios and television sets; Japan, motor tires and other goods; Italy, automobiles, carpets, furniture and textiles, and the United States, automobiles. A much bigger fair is planned for this year, with 200 or 300 stands.

Buying and Selling

In 1957, Bahrain imported goods valued at £17.32 million, of which 27 per cent came from the United Kingdom, 14 per cent from the United States, 12 per cent from India and 7 per cent from Japan. For the first seven months of 1958, imports totalled £10.3 million in value; about 25 per cent came from the United Kingdom. It is anticipated that the 1958 import pattern will resemble closely that of 1957. The volume of imports has changed little over the past three years. Purchases from abroad include mainly household goods, foodstuffs, machinery and parts, rice, clothing, cotton piecegoods, sugar, hardware, automobiles, fresh vegetables and fruit, flour and tea. Canadian exports to Bahrain are small and consist principally of aluminum, tires, plastic laminates, powdered milk, canned foods, oil stoves and lamps.

Bahrain exports only refined oil products; crude supplies come from local wells and by pipeline from Saudi Arabia. The volume of exports for the past few years is shown in the following table:

EXPORTS OF REFINED OIL PRODUCTS

	(millions of tons)
1954	9.64
1955	9.20
1956	8.97
1957	8.49
1958 (6 months)	4.27

The amount of crude oil produced in Bahrain remains at about 1.5 million tons a year.

In February, Bahrain and Saudi Arabia signed an agreement for the exploitation by Aramco of a seabed between Bahrain and Saudi Arabia; the area is said to be in Saudi Arabian territorial waters. The Ruler of Bahrain is to share the net income from any oil discovered with Saudi Arabia and with Aramco.

Apart from oil, exports are, in fact, composed mainly of re-exports and their value has remained steady at about £7 million for the past five years. Saudi Arabia is the biggest purchaser, taking approximately 50 per cent of total exports; other Middle East countries buy the remainder. Products re-exported include foodstuffs, wheat, flour, tea, coffee and sugar—together making up 35 per cent of the total—and lumber, spices, building materials, household goods and piecegoods. In July, the Government banned the re-export of rice, sugar, coffee, wheat, flour, tea and ghee, and this may affect the year's re-export figures. The ban followed the imposition of new import and

exchange controls by Saudi Arabia—Bahrain's principal customer for these commodities.

Import and Currency Controls

Import permits are required only for alcoholic beverages. The import of arms, alcohol, narcotics and pearls other than the produce of the Persian Gulf is prohibited. Duty payable is 5 per cent on foodstuffs, cement, building materials, lumber, cotton, porcelain, glass, hardware, paper, pharmaceuticals, cotton and woollen piecegoods; 10 per cent on all non-essentials; and 15 per cent on alcoholic beverages and cigarettes. Books, magazines, newspapers, commercial samples, and instruments for personal use come in duty-free.

Transferable sterling is provided for bona fide commercial imports and other approved transactions. In certain cases dollars at the official rate will be provided for the import of items not obtainable outside hard-currency countries. In most cases, however, dollars must be obtained on the free market and the current rate varies between 4.82 and 4.87 rupees to the U.S. dollar.

Progress Is Apparent

Since the discovery of oil and the first royalty payments in 1933, there have been big changes in the country. In 1932, revenue totalled Rs.684 thousand, of which Rs.600 thousand came from customs duties. In 1957, the country collected oil royalties of approximately Rs.32 million and total revenue climbed to nearly Rs.43 million (about $8.85 million). Thus about 75 per cent of Bahrain's revenue in 1957 came from oil royalties and the remainder from customs duties. In 1957, 15.4 per cent of this revenue was devoted to education.

Altogether, there are signs of steady development in Bahrain and Canadian exporters should at least be able to maintain their exports to the area, if not to increase them.

Aden's Trade

THE importance of the Crown Colony of Aden stems from its strategic position on the trade and shipping routes to and from the Middle East, the Far East, the Persian Gulf and East Africa. Its proximity to the Persian Gulf oilfields makes Aden a natural supplier of ships' bunkering requirements. The British Petroleum Company's refinery is the colony's only large industry, with sales approximating £35 million a year. This represents about half of Aden's total trade; the remainder is chiefly entrepôt trade because Aden itself produces and consumes very little.

Cyprus

The United Kingdom continues to be the principal exporter to Cyprus. Canada's position as a supplier may improve in 1959 if restrictions on dollar imports are eased.

D. S. ARMSTRONG, *Commercial Secretary, Cairo.*

CYPRUS trade figures for the period 1955-57 show that total exports from the island earned only about one-half of the amount paid for imports; this pattern continued into 1958. International payments are balanced by large military expenditures on internal security and on Britain's Middle East defence bases.

EXTERNAL TRADE OF CYPRUS

	1955	1956	1957	9 mos. 1957	9 mos. 1958
			(in £ millions)		
Exports	18.5	22.3	18.8	13.1	15.0
Imports	30.4	39.0	45.1	27.6	33.9
TOTAL	48.9	61.3	63.9	40.7	48.9

The United Kingdom is still the main source of supply and the principal customer for Cyprus products by a sizable margin. West Germany and Italy come next in line. Imports from the United Kingdom have, nevertheless, decreased from £16 million during the period January-September 1957 to £11.5 million in the same period this year because of the unsettled conditions on the island. As a matter of interest, the value of imports from Greece during January-September 1958 totalled £494 thousand and exports to Greece £24,000. (Imports from Greece during 1955-57 averaged £560 thousand and exports to Greece £100 thousand.) From January to September 1958 the value of imports into Cyprus from Turkey totalled £89,000 and exports to Turkey £2,200.

The most important products shipped abroad are minerals, such as asbestos, copper, iron and cupreous pyrites. In 1957 total mineral exports, mainly to West Germany, were valued at over £10.5 million and in January-September 1958, at £8 million. Other exports include fruits, vegetables, wines and tobacco.

Canadian Trade Small

Sales of most Canadian products to Cyprus have been impeded by import restrictions, though it is possible that these restrictions will be partially lifted in 1959. However, the lack of direct shipping services between Canada and Cyprus gives European suppliers a natural advantage that Canadian exporters find hard to overcome. ●

Iran

Rising income, ambitious development plans and liberal import policy mean opportunities to sell a variety of goods and services. Canadian Trade Commissioner now stationed in Tehran can help firms keen to sell in this area.

H. J. HORNE, *Commercial Secretary, Karachi.*

IRAN has continued to make progress and has become one of the most promising countries in the Middle East. Over-all oil production and resulting income are estimated to have increased 8 to 10 per cent in the past year. Business, despite minor weak spots, has been good and further advance seems assured.

Imports were liberalized further in 1958 and most goods could be imported freely because import quota limits were flexible. However, the commercial profits tax on some items was raised to give further protection to infant domestic industries. A new Customs Tariff Act was passed and came into effect in August; in general, it changes the rates of ad valorem duties.

Oil Output Rises

An estimated 10 to 12 per cent of the world's proven oil reserves is found in Iran. Oil accounts for about two-thirds of its foreign exchange income and makes possible economic expansion and liberal import policy.

Crude-oil production by the oil consortium for the first ten months of 1958 was announced at 33 million tons, with unofficial estimates that net crude-oil production may have reached a new record of 40 million tons (about 290 million barrels) for the full year 1958. The 1957 output was 34.6 million tons (the highest figure before nationalization was 32 million tons in 1950). Much of the increased output went to the United Kingdom, with shipments in the first quarter of 1958 up 100 per cent over the corresponding period in 1957. Substantial returns are being re-invested to expand the consortium's activities, including exploration to meet expected increased demand, a rise in efficiency, and the building of more refinery capacity. The pipeline network is also being extended and transportation and loading facilities improved.

The National Iranian Oil Company has opened up concession rights to a number of new areas; rights in one of them went to the Sapphire Petroleum Co. of Canada.

Agricultural Production Good

In recent years Iran has been almost self-sufficient in foodstuffs. Preliminary estimates indicate that the 1958 crops came close to the record set in 1957. This succession of good harvests, coupled with the favourable foreign exchange position and the liberal import policy, has helped in avoiding increases in domestic prices. The use of tractors has expanded and further mechanization is being stimulated through financial aid to small-scale farmers.

Industrial Expansion Sponsored

In common with its Middle Eastern neighbours, Iran is still in the process of development and Iranians have a per capita income of less than $100 per year. To use the natural resources fully—oil, water, minerals, and arable land—and achieve a higher standard of living for its people, the Second Seven Year Plan Organization was instituted. By law, the Plan receives a large percentage of oil revenues to be used exclusively for development. In 1958, in an attempt to bring the regular budget into balance, the Plan Organization's share of revenues from the oil consortium was reduced from 80 to 60 per cent of $188 million for the current year (1957-58 estimated expenditures were $150 million), and to 60 per cent of over-all oil revenues in succeeding years. As a result, the Plan Organization must either cut its expenditures by cancelling or temporarily deferring low-priority projects or by borrowing outside the country to make up the deficit. (This deficit is estimated at $250-$300 million from 1958 to the end of the Plan period, September 1962.) Loans are being negotiated with the United States and the World Bank. Already $1.2 billion has been spent on various projects.

Briefly, the work of the Plan Organization breaks down into four general categories and the Khuzistan Province economic development scheme. Expenditures originally planned for 1958-59 in millions of rials (rials 78=$1.00 U.S.) are: agriculture and irrigation, 2,757; commerce and transmissions, 5,697; industry and mines, 1,366; health, education, provincial economic development, 1,952; and Khuzistan economic development, 1,728. Included in the above program is 1,190 million rials for two large dams.

Foreign consultants specializing in various fields are attached to the Plan Organization as advisers. These consultants—a number of whom are known to Canadian contractors and consultants—come from many countries, including the United States, Britain, the Netherlands, Germany, France and Italy. Apart from the specialists who are under contract to the Plan Organization, various studies and technical advice are provided by international organizations.

It may interest Canadian contractors who wish to participate in some of these projects to know that tenders are issued by the consultants themselves. Preliminary specifications can be purchased in Tehran from the consultants' offices or at times from the European

or United States head offices of the consultants. Canadian firms who are well placed to export their know-how to Iran are urged to select responsible Iranians to look after their interests in this country, not necessarily on a retainer basis.

Although most of the development is financed by oil revenues, foreign investment from a number of countries is playing a limited but increasingly important role. So far it has largely taken the form of credits to purchase machinery and equipment for plants already established.

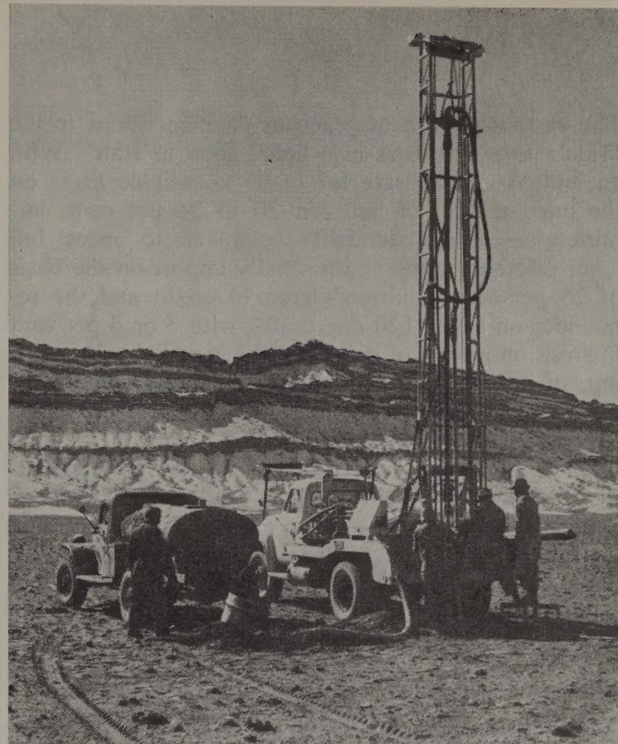
Communications System Expanding

Iran has been expanding its telephone and telegraph connections within the country and also with neighbouring countries and Europe. The domestic rail system has been improved and standardized. The Export-Import Bank allocated $16 million for a highway maintenance program and six new shipping lines are now active in the Persian Gulf. In 1958, the Government decided to build up a 500-thousand-ton tanker fleet and already orders for four tankers have been placed with foreign shipyards.

Even though construction is under way to improve the facilities at the two leading Persian Gulf ports of Khorramshahr and Bandar Shahpur, it may be some time before Canadian exporters will be able to through-ship to Tehran in under three months from the time the goods leave Canada. There is serious congestion at Khorramshahr, the most important offloading port for general cargo in Iran. Besides the long delay, Canadian suppliers shipping to Iran for the first time must bear in mind that rough handling of goods during unloading may result in a high percentage of breakage, and that onward transportation by truck or rail to Tehran (some 660 miles) increases this danger. Pilferage in varying degrees, depending on the type of product, will be encountered during the trip from the Gulf port to Tehran and a 20 per cent surcharge is levied on the value of all cargoes arriving at Khorramshahr. It is expected that steps will be taken shortly by the proposed commercial group commission to alleviate this congestion. Businessmen believe that under its direction there will be a general improvement in all port services, including warehousing facilities.

Germany Is Leading Trading Partner

On all sides, there are evidences of increased commercial activity, with a great number of foreign businessmen visiting the country to secure a share in this market. German trade has expanded so greatly that the Germans are both the leading exporters to and importers from Iran; United States, Soviet, British and Italian trade efforts have also increased and Japanese competition is increasing.



A large part of Iran's profits from oil are re-invested to expand the industry. Here a geological crew at work in southern Iran looks for deposits to meet an expected rise in world demand.

The annual report of the Bank Melli (Government Bank) covering the Iranian year 1336 ended March 20, 1958, showed that even with an estimated $56 million increase in imports to $375 million in 1957/58, Iran's net foreign exchange holdings went up by $60 million, double the $30 million increase of the year before; reserves thus reached a new high. Preliminary figures for 1958 indicate that, with even larger imports, the reserves will continue at the present level. This should mean that the present liberal import policy with a reduced prohibited list will be maintained.

Canadian Exports Increase

Canadian exports to Iran rose from a total of $790 thousand in 1956 to $1,717 thousand in 1957. Chief commodities were plates, sheets and strips of steel ($424,000); lamps, lanterns, stoves and parts ($410,000); passenger automobiles ($136,000); synthetic thread and yarn ($131,000); baryte ($131,000); aluminum in primary forms ($58,000); and bolts and nuts, iron ($50,000). Export figures for the first six months of 1958 indicated that trade for the year would about equal that in 1957. Imports from Iran in 1957 totalled $545 thousand. Chief items were dates ($199,000); crude petroleum ($154,000); oriental carpets ($109,000), and shelled walnuts ($68,000). Indicative of Canada's increased interest in Iran is the recent opening of a Canadian Legation in Tehran and because of the expanding market, a senior officer, A. B. Brodie, Commercial Counsellor, represents the Foreign Trade Service at the mission (see article on page 28, December 20, 1958, issue of *Foreign Trade*).

The current pattern of generous payment terms in the Middle East countries also holds good in Iran. With an annual interest rate for loans to reliable firms on the open market of between 20 to 24 per cent, importers are understandably reluctant to meet full letter-of-credit terms and normally import on the basis of 25 per cent confirmed letter of credit and the remainder on 90 or 120 day drafts, with 5 or 6 per cent interest, on arrival of goods at Khorramshahr. Depending, of course, on the standing of the importer, the exporter can usually obtain a banker's firm guarantee to cover the latter amount. The Seven Year Plan Organization, the royal estates and the government-owned railway normally buy by tender on a cash-on-delivery basis. The Canadian exporter should be sure he fully understands the payment terms because the congestion at the seaport of Khorramshahr means that the difference in quoting C.O.D. Khorramshahr and C.O.D. Tehran may be substantial.

Potential Market Is Growing

Although the standard of living in Iran is still low, it is rising and the over-all market potential will parallel this increase. The industrial expansion means a growing market for machine tools and equipment, raw materials, contractors' equipment, pumping and power-generating sets. Rural electrification and the more widespread use of power will expand the use of electrical appliances, radios and television sets. The movement to mechanize agriculture will require tractors and modern implements. In these and other fields, there are opportunities for Canadian firms prepared to work for a share in this expanding market. ●

Iraq

New competition from Communist bloc now appearing, though Britain and the U.S. continue to be main suppliers. Imports enter under licence; Canadian sales small, but cover wide range.

C. O. R. ROUSSEAU, *Commercial Secretary, Beirut.*

THE new regime established in Iraq after the revolution of July 14 did everything possible to bring life back to normal quickly. None the less, a sense of uneasiness has had its effect on the economic life of the country. The new regime has followed a policy of neutralism, in contrast to the former Government's pro-Western attitude. Previously Iraq had no relations, either diplomatic or economic, with Russia and the other Communist countries but soon after July 14 diplomatic exchanges took place with Russia. Later, trade agreements providing for most-favoured-nation tariff treatment were concluded with the U.S.S.R., East Germany, and Mainland China. These agreements were signed after large trade missions from the three countries visited Iraq. Yugoslavia and Hungary have also sent small trade missions to negotiate trade agreements. Other Iron Curtain countries such as Czechoslovakia, Poland, Rumania and Bulgaria have dispatched officials to survey the potentialities of a market hitherto closed to them. Relations with the United Arab Republic have improved considerably and, in fact, agreements on trade, economic and technical co-operation, and cultural exchanges have already been concluded.

Westerners Face Competition

The Western countries which under the previous government were in a favoured position are now exposed to stiff competition. British firms, once comfortably secure, are now viewing with concern the invasion of low-priced goods. The Continental European countries are taking the situation more philosophically, because they feel that the Iraqis are accustomed to dealing with Westerners, know the quality of their products, and will continue to buy from their traditional suppliers unless prices are greatly out of line. It is expected that high-class consumer goods such as automobiles, refrigerators, air conditioners and the like will still be imported from the West, but there is some doubt about products needed by the masses, such as cotton and silk textiles, kerosene stoves and lamps, and agricultural equipment. For Canada, the second list of commodities is important; Iraq has been a good market for kerosene stoves and lamps and is a potential one for agricultural machinery.

Drought Affects Cereals

After oil, agriculture is the second source of Iraq's wealth and accounts for about 25 per cent of the national product. Historically, the great plains of Mesopotamia were the bread-basket of the Middle East and had the irrigation systems of centuries ago been kept up and developed, Iraq today would be one of the richest agricultural countries in the world. This fact was recognized by the former government and the new regime is continuing the policy of spending large amounts of money to bring under cultivation unexploited land. Because Iraq has important fresh-water rivers such as the Tigris and the Euphrates and some large irrigation schemes now under way, the crops will be less and less at the mercy of drought. Although reliable statistics on the 1958 crops are not yet available, Iraq like Syria has suffered from lack of rain. In 1957, with a good wheat crop totalling 1.1 million tons, the country was self-sufficient and even exported a small amount. The estimate for the current crop is only approximately 300 thousand tons and Iraq has

had to make large imports to meet her needs. Barley, traditionally the most important cereal crop, has also suffered: the estimates for the current year are only 350 thousand tons compared with 1.3 million in 1957. A good date crop of about 350 thousand tons is expected. The breeding of livestock is another important part of the agricultural economy and the livestock population is estimated at 17 million head.

Agrarian Reform Continues

One of the characteristics of the social evolution in Iraq during the last twenty years has been the decrease in nomadic living. This change has brought about a land problem and has accentuated the feudal position of the sheikhs and the Kurdish aghas who, with the settlement of their tribes over large territories, have become proprietors of whole provinces. Their ownership comes from traditional tribal law which makes the sheikh or agha sole owner of the land on which his tribe settles. It is estimated that 80 per cent of the land cultivated in Iraq is owned by proprietors who have over 25,000 donums* each. Faced with this situation, the Government has decreed an agrarian reform law, limiting individual holdings of land to 1,000 donums of irrigated and 2,000 donums of non-irrigated land. The State will take over the expropriated land within five years for distribution to the peasants, who will receive between 30 and 60 donums of irrigated and between 60 and 120 donums of non-irrigated land. Compensation will be paid to the landowner by means of government bonds bearing 3 per cent interest and redeemable in 20 years. The same rate will apply to the peasants, who will have to pay in addition a sum amounting to 20 per cent of the value of the land to cover administrative costs. Distribution of the land will be made by an Agrarian Board and the compensation computed by a special committee appointed by the Government.

Industry Is Encouraged

Industry is not yet large in Iraq and contributes only 12 per cent of the national product. The main manufactures are consumer goods such as cigarettes, shoes, soap, pottery, textiles, sugar, pharmaceuticals, beverages, and also some industrial goods such as leather, cement, bricks, cement building blocks, metal forgings, and aluminum goods. Mosul has an asphalt refinery with a capacity of 60,000 tons a year, and near Bagdad there is the Daura refinery which produces 25,000 barrels per day and when it is operating fully will have a capacity of two million tons of refined products per year. The Development Board is encouraging industry and has many projects already under construction or on which bids have been invited. The main ones are:

1. A fertilizer factory at Basrah with a capacity of 250 thousand tons a year to cost ID8 million.

2. A paper factory at Basrah, capacity 20,000 tons and cost ID2 million.

3. A foundry—10,000 tons per year from scrap.

4. A rayon factory—11 million yards of rayon yarn and 11 million yards of fibrane.

5. Basrah silo—capacity 65,000 tons, cost ID5 million.

Oil Pays for Development

The royalties received from the concessionnaires—the Iraq Petroleum Company, the Basrah Petroleum Company and the Mosul Petroleum Company—on a 50/50 basis are the Government's main source of revenue. Under the former government, 70 per cent of these revenues were earmarked for development and provided the funds for many projects already completed or nearing completion. The new regime is following the same policy, with slight changes. In the first nine months of 1958 Iraq received $155 million, a higher average than in the last two years but not yet in line with 1955. The concessionary companies have been asked to increase production and negotiations for a higher percentage of royalties to be paid to the Iraqi Government are being considered.

Pattern of Trade

Available statistics do not yet reflect the entry of the Communist countries into Iraqi markets and we may have to wait until the 1959 statistics appear before noting any marked trend. Iraq depends heavily on foreign trade because exports account for more than 50 per cent of the national income. The trade balance consistently shows a surplus.

TRADE OF IRAQ

Year	Oil	Other Exports	Total Exports	Imports	Trade Balance
			(millions of I.D.)		
1951	36.1	27.1	63.2	50.9	+12.3
1952	79.3	18.8	98.1	61.7	+36.4
1953	120.1	19.1	139.2	68.4	+70.8
1954	134.4	17.9	152.3	72.7	+79.6
1955	168.0	15.9	183.9	97.1	+86.8
1956	156.6	13.1	169.7	113.4	+56.3
1957	113.1	12.8	125.9	121.7	+ 4.2

Most of the oil exported goes to European countries but some finds its way to other markets such as Indonesia, Japan, Formosa, and Singapore. In 1957, out of 21.3 million tons exported, the United States purchased 750 thousand tons.

The other products bringing in foreign exchange are dates (ID3.4 million in 1957), barley (ID2.9 million

*1,000 donums=approximately 250 acres.

in 1957), raw wool and goat-hair (ID1.5 million in 1957), and cotton (ID1.5 million in 1957). The chief markets are the United Kingdom, West Germany, Kuwait, Denmark, the Netherlands, Lebanon, Syria, India and Saudi Arabia. Purchases by the Soviet countries in 1957 were not sufficiently large to warrant separate listing.

The development program has affected imports into Iraq noticeably. The table below also shows the steady annual increase in imports. The chief products imported are foodstuffs, textiles, pharmaceuticals, paper products, iron, steel, machinery, automobiles and lumber.

TRADE OF IRAQ

	1957	1956	1955
		(millions of ID)	
Principal Suppliers			
Britain	34.9	32.2	27.4
United States	17.9	15.9	14.7
West Germany	11.8	10.4	7.6
Japan	8.9	7.1	8.1
Ceylon	6.5	6.9	7.6
France	3.4	6.0	3.7
Belgium	5.7	5.6	3.1
Netherlands	3.1	3.5	3.0
Sweden	2.2	2.5	1.7
Italy	3.3	2.4	2.2
CANADA	1.06	.64	1.1
U.S.S.R.	.01	.01	.01
Other Communist countries	2.7	2.1	1.7
Others	20.23	18.15	15.19
Totals	121.7	113.4	97.1

Although Canada's trade with Iraq is not large, the list of Canadian products finding their way into that country is quite extensive. It includes aluminum, milk preparations, tires, automobiles, lamps, lanterns, kerosene cooking stoves, space heaters, washing machines, asbestos fibres, brake linings, agricultural machinery, pharmaceuticals, and synthetic resin manufactures. Our imports from Iraq are confined largely to occasional petroleum purchases, and dates.

Import Regulations

Under the previous system, imports were divided into three main classes:

1. Authorized imports under the sterling or dollar allocation program, and subject to import licences.

2. Free imports without licence.

3. Prohibited imports.

Under the new regime, however, this system has been abolished and all imports are now subject to import licences. Lists of goods for import from the dollar and sterling areas have been drawn up for the remainder of 1958 and they are almost identical, except for sugar, tea, vegetables, fruits, seeds, potatoes, motorcycles, bicycles, threads, rope, hemp, malt, and woollen, cotton and fibre rugs, which do not appear in the hard-currency list. Lists are by commodities and do not include amounts. During August and September of 1958, licences were issued for over ID15 million under the new regulations. In August some ID9 million represented goods from soft-currency countries.

Iraq is undoubtedly experiencing growing pains, but its potential is such that, given political stability, the present difficulties should be short-lived. How the change of government and the entry of the Iron Curtain countries into the market will affect trade with the traditional supplying countries, only the future will show. ●

Israel

Lack of dollars makes it difficult for Canadian exporters to sell here, but they should not dismiss this market—where population is growing and industry expanding and where import controls were eased during 1958.

LORNE D. R. DYKE,
Assistant Commercial Secretary, Athens.

THE most significant development in the Israeli economy during 1958 was possibly the relaxation of import controls on a wide range of raw materials and other imports. At the same time, import duties were raised.

Basically, however, market conditions have changed little over the past twelve months. Paramount is the problem of inflation, the result of expanded currency circulation, the high rate of personal restitution payments from West Germany, and increased bank credit to both government and public. Heavy expenditures on industrial expansion, construction and defence in the face of increasing immigration have aggravated inflation. A hoped-for 10 per cent increase in 1958 export earnings (30 per cent increase in 1957) was not achieved, apparently because of the international recession and stiffer trade competition. It is unlikely that exports will pass 1957's $139 million and the trade deficit will exceed the $264 million of 1957.

Again in 1958 the economic strains and stresses were countered by foreign assistance from many sources, supplementary budgets, and domestic loans. Exports, despite a threefold increase in recent years, are paying for only one-third of imports. Increased agricultural

Shoppers in Tel Aviv find the broad, well-lit aisles and attractively-displayed merchandise in this new supermarket much to their liking. This is Israel's first supermarket; it was built by a syndicate headed by a well-known Ottawa businessman. Plans call for more stores of this type in Tel Aviv, Haifa and Jerusalem.

exports over the next few years, the result of expanding production, are expected to alleviate this situation. However, the economy will still depend heavily on remittances from and bond purchases by North American and other world Jewry, reparations and restitution payments from West Germany, and United States and other foreign economic aid. It has been estimated that foreign exchange revenues from all sources for the fiscal year ending March 1959 will reach $587 million ($548 million in 1957/58). This estimate included an expected $154 million from export earnings—a figure later reduced.

Government budgetary expenditures (ordinary, development and special defence) for the 1958/59 fiscal year, originally set at Is£1,198 million (Is£1.8= US$1) in March were revised to meet the cost of the reception and resettlement of more immigrants (30,000 expected from Eastern Europe before March 1959, compared with some 10,000 during the first half of the fiscal year), rising security expenditures, increased export premiums and higher salaries. To cover these extra expenditures, an Is£40 million supplementary budget was announced in September, followed in November by the launching of an Is£20 million immigrant housing and absorption loan. At the same time American Jewry was asked to step up its financial assistance through United Jewish Appeal contributions and bond purchases to help the State shoulder these additional burdens.

Import Controls Eased

The process of "normalizing" imports was begun late in 1957 with plastic and synthetic rubber materials. In recent months other items have been freed from strict licensing control, including a wide range of industrial raw materials, lumber, chemicals, paper and board, textiles and leather. The complete list will be available to interested Canadian exporters later this month.

It has been estimated that two-thirds of the industrial raw materials that Israel imports are now free of quantitative import restrictions and foreign exchange controls. Origin of imports remains controlled, however, and depends in part on commitments made under bilateral agreements and stipulations contained in the various loans Israel has received. At the same time, customs duties, and in many instances excise and other taxes, have been increased. Customs duties have been raised considerably and purchases of foreign exchange for imports are made at various rates, depending on the commodity and its importance.

The aim of the import normalization measures is to ensure a smooth flow of raw materials to industry, particularly those firms producing for export. The Government states that the new measures should enable manufacturers to streamline production methods and trim high costs, thus improving their competitive position in world markets.

Imports Still Rising

Israel's import expenditures continue to rise. The needs of a growing population (doubled in ten years) and expanding industry (four-year, $300 million expansion plan for 380 new plants, 200 plant extensions by April 1960) were met during the first six months of 1958 by imports worth $220 million, $10 million more than in the first six months of 1957. At June 30, export earnings stood at $89.2 million, up only $2.5 million over the first six months of 1957. Foreign exchange earnings from citrus fruit, Israel's main export (35 per cent of total 1957 export receipts), may not

65730-4—3

ISRAEL'S MAIN IMPORTS OF INTEREST TO CANADA

Commodity	Principal Suppliers
Wheat and flour	U.S., CANADA
Barley	U.S., France, Algeria
Fish and meat meal	South Africa, Norway, U.S.
Corned beef (kosher)	Ethiopia, Eritrea, U.S., CANADA
Frozen meat	U.S., Argentina, Brazil
Oilseed cake and meal	Turkey, Bulgaria
Frozen fish	Norway, West Germany, Iceland, Denmark
Edible fats and oils	West Germany, U.S.
Tobacco	U.S., Turkey, Greece
Timber for plywood manufacture	French Africa, British Africa
Coniferous lumber	Finland, Rumania, Yugoslavia, CANADA
Beechwood lumber	Yugoslavia, Rumania, Bulgaria
Soybeans for edible oil	U.S., Turkey
Hides	U.S., South Africa, Argentina, France, CANADA (small)
Wood pulp	Finland, Sweden
Seed potatoes	U.K., Eire
Rough diamonds	U.K., Switzerland, Netherlands, U.S., CANADA (small)
Asbestos milled fibres	CANADA
Steel bars and rods	West Germany, Italy, Belgium, Bulgaria
Iron sheets	U.S., West Germany, Italy, U.K.
Iron tinned plates	U.S., France, Italy
Iron pipes and tubes	West Germany, France, Italy, U.S.
Hot rolled mild steelwire and strips in coils	West Germany, U.S., Belgium
Aluminum ingots, bars, rods, sheets, plates and strip	CANADA, U.K., France, Hungary, U.S.
Brass and copper wire	West Germany, France, Italy, U.K.
Zinc ingots	Poland, Belgium
Medical equipment	West Germany, U.S., U.K.
Scientific apparatus	U.S., U.K., West Germany
Insulated wire and cable	West Germany
Radio parts	U.S., U.K.
Earthmoving equipment	U.S., West Germany, U.K.
Metalworking, textile, food manufacturing, printing and bookbinding, and other industrial machinery	West Germany, U.S., U.K.
Electrical generating equipment	West Germany, U.S., Switzerland
Wood strips for citrus-fruit cases	Yugoslavia, Portugal
Nylon fibre and yarn	U.S., France, Switzerland
Rayon cloth for tire manufacture	U.S., West Germany, Netherlands
Sodium carbonate	U.K., Yugoslavia, Bulgaria
Insecticides	West Germany, U.S., Netherlands, Italy
Paper for citrus-fruit packing	U.S., Sweden, Finland
Drugs and medicines	U.S., Netherlands, U.K., Switzerland
Kraft paper	Finland, U.S., Sweden, Norway
Cardboard and cartons	Finland, Norway, Netherlands
Passenger cars	U.K., U.S., Italy
Agricultural machinery	U.S., France, U.K.

reach the record $48 million received in the previous year.

The United States, West Germany, and the United Kingdom were again Israel's main suppliers of a wide range of foodstuffs, machinery, equipment and raw materials, followed by France and the Netherlands. The U.K. and West Germany were the best customers for citrus fruit and the U.S. for polished diamonds. Belgium and France were also important buyers. Trade with the Soviet bloc, although up slightly during the first half of 1958, remains relatively low at 3 per cent of total imports and 9 per cent of total exports.

Canadian-Israeli Trade

Canadian exports to Israel for the first ten months of 1958 fell slightly from 1957's $4,383,863 to $3,589,516—the result of a considerable fall in Israeli purchases of Canadian milled asbestos fibre (from $617,015 in 1957 to $62,792), and somewhat smaller purchases of lumber, automobile parts, streptomycin and other drugs and chemicals. Israel's wheat purchases from Canada increased slightly to 1,467,387 bushels for the ten-month period. Also larger were sales of aluminum, canned meats, synthetic resins, cattle hides, calf skins and kips, and canned salmon. We sold several new products to Israel in the first ten months of 1958—tractors and spare parts $230,697, wheat flour $201,858, and wool rags and wastes, $95,337.

Canadian imports from Israel increased slightly in the first eight months of 1958 to $1,187,897 ($1,061,380 in 1957). This increase was achieved despite a falling-off in Canadian demand for polished diamonds, our main import, and plywood. Larger imports of citrus fruit, raincoats, clothing and other textiles, chocolate and confectionery, and safety razor blades made up the difference.

Opportunities for Canadian Exporters

Opportunities for Canadian goods in the Israeli market are still limited by that country's shortage of foreign exchange. Israel's purchases from Canada depend to a large extent on the contributions of Jewry abroad and the availability of free dollars from other sources. Canadian exporters may wish to take a serious look at this Canada-conscious market and acquaint themselves with the several ways of gaining an entry for their products. The Canada-Israel Corporation and Can-Pal, the Canadian Israeli Trading Company Limited, play an important role in our trade with Israel. Exporters might also introduce themselves to the Jewish Agency and the New York-based Israel Government Supply Mission.

A prime requisite, of course, is a capable, aggressive agent in Israel who can keep his principals posted on market conditions, prices, etc. Israel is a competitive market, but an interesting one for forward-looking businessmen. A growing population coupled with a desire for a good standard of living and a western orientation make Israel worth attention from the Canadian business community. •

Jordan

Despite the disappointing, short-lived union with Iraq and the hardships of the 1958 drought, Jordan, with financial aid from abroad, goes ahead with plans for development projects. Attitude towards dollar imports is softening.

C. O. R. ROUSSEAU, *Commercial Secretary, Beirut.*

FOR the Hashemite Kingdom of Jordan, 1958 began with great promise. The much-debated federation with Iraq was proclaimed in February; ratification and formation of a federal government followed in May. The union greatly strengthened Jordan and also promised to help solve many of its persistent economic problems. The federal government had, in fact, decided to take up the question of Jordan's chronic financial deficit which in fiscal 1958-9 totalled $13 million.

Federation meant that Jordan would no longer require the foreign subsidies that it received in the past from Britain. These were to have been replaced by gifts from Saudi Arabia, Egypt and Syria after the cancellation by Jordan of the Anglo-Jordanian Alliance Treaty in 1956. Of the promised gifts, however, only Saudi Arabia paid up and in 1957, the United States stepped into the breach. However, with the coup d'état in Iraq and the abrogation of the federation, Jordan found itself again needing outside economic assistance. In addition, because of the drought, the country faced one of its worst agricultural seasons in ten years. Reliable sources predict that yields in 1958 will be as low as those in 1955, which was also a drought year.

On the brighter side, the subsidies from the United States that started in 1957 have been increasing and some $56 million has been paid to date. Britain has resumed payments—interrupted when Jordan ended the treaty—on a big loan for development projects and many of these projects have now advanced beyond the planning stage.

Irrigation in Two Years

Agriculture employs about 80 per cent of the population but Jordanian farmers remain at the mercy of climate, as they have for centuries. To remedy this, many plans for irrigation have been studied and approved in the past, but for various reasons they have all had to be abandoned. This year, under an agreement signed between Jordan and the United States, a project has been inaugurated that has been under study since 1938. The Ghor project is to irrigate eventually the land as far south as the Dead Sea. Within two years, it will irrigate 12,000 hectares* east of the Jordan near the point where the Yarmouk River flows into the Jordan; the initial cost of this work is $2½ million. The entire project is due to be completed in three to five years at a total cost of JD4½ million ($12.6 million), of which the United States is contributing $10 million.

Industrial Expansion Planned

Apart from a few relatively important factories making cigarettes, phosphates, cement and footwear, Jordanian industry is more of the cottage type, with very few employees. Government statistics show that there are 1,038 industrial establishments employing 13,543 workers. During 1957 the three main industries turned out 108,171 tons of cement, 261,896 tons of phosphates and 264 tons of cigarettes.

The Arab Potash Company and a West German firm from Cologne negotiated during 1958 to build an experimental potash plant and, according to the latest information, have reached preliminary agreement. Phosphate production is expected to total one million tons by 1961 and a project for putting up a superphosphate plant in Aqaba, with a capacity of 30,000 tons a year, is being surveyed by a British firm. A contract for constructing an oil refinery has been awarded to an Italian company and tenders have been issued for a 30-mile, eight-inch pipeline, to be fed by the Trans-Arabian pipeline (TAPLINE) that crosses Jordan. In September, the Government approved the completion of the railway between Aqaba and Amman; this will help to lessen Jordan's dependence on the ports of neighbouring countries.

Trade Imbalance Continues

The sharply rising demand for imported goods and continuing low exports are increasing Jordan's unfavourable balance of trade, as shown in the following table:

FOREIGN TRADE OF JORDAN

	1957	1956	1955
		(millions of JD)	
Imports	30.48	27.82	27.06
Exports	4.30	4.38	2.62

The principal supplying countries are the United Kingdom, Lebanon, West Germany, United States, Syria, Saudi Arabia and Italy, in that order. The main products imported in 1957 were mineral oil, sugar and confectionery, cotton, motor vehicles, flour, iron and steel, machinery, yarns and thread, coffee, tea, spices, foodstuffs, live animals, pharmaceuticals, rubber products, clothing and lumber.

---

*One hectare=2.47 acres.

65730-4—3½

Canada's sales to Jordan, though small, held up well in 1958; they totalled $93,500 from January to the end of September compared with $98,000 for the whole of 1957 and $40,000 for 1956. A good part consists of donations and gifts, but commercial shipments include tires, bolts and nuts, stoves, aluminum, medicinal preparations, synthetic resin manufactures, toilet paper, lumber, washing machines, steel sheets, and clothing.

Domestic exports include vegetables (accounting for 25 per cent of total sales abroad in 1957), fruit (15 per cent), olive oil (12 per cent), and phosphates (23 per cent). Other exports include marble, religious articles and handicrafts, hides and skins, pulses and tobacco. Principal buyers are Syria, Lebanon, Saudi Arabia, Iraq, Czechoslovakia, and Yugosalavia, but in 1958 Syria was a lost market to Jordan. Sales to Canada barely reached the $1,000 mark and are composed mainly of handicrafts from the Holy Land.

Import licences are required for all goods except certain ones from the Arab countries. There is a short list of prohibited goods that includes cement, cigarettes, alcohol, soft drinks, etc. In the past, licences for dollar goods were not granted if similar products could be found in the sterling or soft-currency areas. However, because Jordan is now getting most of its financial assistance from the U.S., the authorities are more lenient towards issuing permits for imports from hard-currency countries. This should help our exporters.

Tours of Territory

R. H. GAYNER, Vice Consul and Assistant Trade Commissioner in Manila, the Philippines, will visit the main distributing centres of the southern islands of Cebu, Iloilo and Mindanao from February 16-25.

P. V. McLANE, Commercial Counsellor in Athens, Greece, will visit Ankara and Istanbul in Turkey, January 23-February 5, and Israel from March 14-27.

B. C. STEERS, Assistant Trade Commissioner in Singapore, will visit Bangkok, Thailand, from February 1-13.

J. H. STONE, Commercial Secretary in Wellington, New Zealand, will visit Suva, Fiji, early in February.

C. J. VAN TIGHEM, Commercial Counsellor in Mexico City, will visit Monterrey from January 19-28.

Businessmen who would like these officers to undertake assignments should get in touch with them at their posts as soon as possible. Write to Mr. Gayner at Manila, Mr. McLane at Athens, Mr. Steers at Singapore, Mr. Stone at Wellington, and Mr. Van Tighem at Mexico City.

Kuwait

Oil revenues make this little sheikhdom a sizable market for western goods, with few restrictions and low tariffs. Some Canadian firms make steady sales here and others might well investigate the prospects.

C. O. R. ROUSSEAU, *Commercial Secretary, Beirut.*

LARGE-SCALE oil production in Kuwait in the Persian Gulf began at the end of World War II and has since gone up from 0.8 million to nearly 60 million tons a year. In fact, with 24 per cent of the world's oil reserves, Kuwait comes second only to Venezuela as an oil exporter.

KUWAIT'S OIL PRODUCTION

Year	Millions of Tons
1946	0.8
1947	2.2
1948	6.3
1949	12.2
1950	17.1
1951	27.8
1952	37.0
1953	42.6
1954	46.9
1955	53.9
1956	54.1
1957	56.3
1958 (Jan.-Oct. 31)	58.8

In 1958 the British-United States monopoly as oil concessionnaires was broken with the signing of an agreement between the Ruler of Kuwait and a Japanese company for a 44½-year concession. The agreed share of profits accruing to the Ruler is 57 per cent—7 per cent more than the standard 50/50 share already in force with the original concessionnaires. Kuwait has also placed an order with Japan for a 46,000-ton oil tanker to be delivered in 1959.

Oil Finances Improvements

The Ruler is using a large percentage of the oil royalties to advance progress in his small kingdom (not quite three times the size of Prince Edward Island). Development projects include the improvement of port and road facilities (partly as a means of enhancing oil exports) and also the provision of free education and social services. Per capita income has risen considerably and the standard of living now compares favourably with that of other modernized Middle Eastern countries. Kuwait has more than 20,000 automobiles for its population of around 200 thousand and western-type goods are increasingly in demand.

The Kuwait Oil Company's refinery at Mina al Ahmadi has been expanded and in March 1958 the Ruler opened the enlarged plant with its daily capacity of 190 thousand barrels compared with the former 30,000. In 1958 there were 55 schools in the sheikdom, three big general hospitals, a tuberculosis hospital and several medical clinics. All provide services free. Houses, roads and modern street-lighting have not been neglected. An asphalt highway 20 miles long from Kuwait to Ahmadi has been completed and a 100-mile road to Basra in Iraq is planned.

The water distillation plant is said to be the largest in the world and has doubled its output since 1956. It now produces from sea water four million gallons of fresh water daily. Commencement of the project for carrying fresh water by pipeline to Kuwait from the Shatt al Arab River in Iraq is still under negotiation by the two governments. Research laboratories and experimental stations have been set up to study the possibility of developing at least some agriculture in this desert land. One 30,000-kw. electric power station has been completed and two others, each of 40,000 kw., are under construction. A $23.5 million contract to build a deep-water harbour has gone to a U.S. firm and work is expected to be completed in 1960.

—Kuwait Oil Company.

Here is one of Kuwait's 235 producing oil wells which make this tiny kingdom one of the world's largest sources of oil. Output in 1957 totalled 56 million tons; exports 400 million barrels.

How Trade Moves

Imports in 1957 reached a high of £57 million compared with £41 million in 1956 and £33 million in 1955. (These figures do not include direct imports by oil companies.) The main goods purchased were metal manufactures, iron and steel, cement, lumber, road vehicles, electric machinery and appliances, textiles, medicinal preparations, cereals, flour, and colonial products. The leading suppliers in 1957 were the United Kingdom with 20 per cent, United States 19 per cent, Japan 9 per cent, West Germany 8 per cent, and India 6 per cent. West Germany is making a determined bid to consolidate and expand its exports to Kuwait. German automobiles are popular and some German consulting and contracting firms have been registered as potential bidders on development projects. Japan supplies nearly all the textile demand.

Exports are virtually confined to oil and oil shipments totalled almost 400 million barrels in 1957. The largest share was taken by the United Kingdom with 33 per cent, followed by the United States with 15 per cent, France 11 per cent, Holland 8 per cent, Italy 7 per cent, and Argentina 3 per cent.

Canada's trade with Kuwait is not large but we make steady sales there of plastic laminates, oil lamps and stoves, canned foodstuffs and flour. A Canadian insurance company has recently appointed an agent in Kuwait and a Canadian company is endeavouring to educate the population towards investment in Canadian stocks and shares. This is something new, however, and time will be required for success.

Import permits are required for alcoholic beverages. All commercial imports, except those for the State and most of those for the oil companies, which enter duty-free, are subject to a customs duty of 4 per cent.

Dealing with Agents

To share in Kuwait's foreign trade, a good Kuwaiti agent is essential and these are becoming harder and harder to find with the increasing trade in western goods. Where service is required, the problems multiply. However, once a good agency is established, sales are usually steady. The Kuwaiti practice is for importers to look after the lines they already handle rather than branch out into new fields, but a personal visit from an exporter can often awaken interest in new products. In carrying on correspondence the western exporter must learn patience, because most Persian Gulf business firms do their letter-writing by fits and starts.

The absence of import restrictions makes Kuwait a conscious and competitive market. But experience has proved that Canadian exporters can, with perseverance and care, establish their lines in this wealthy and constantly developing little sheikhdom. •

Lebanon

Business has recovered quickly in last three months, but many buyers need extended credit until they regain lost ground. Canadians should bear this in mind in dealing with the Lebanese.

C. O. R. ROUSSEAU, *Commercial Secretary, Beirut.*

THE upheavals that have shaken the Middle East during the last few years have had repercussions on the Lebanese economy. The Suez affair in November 1956 affected this country severely and last year the 5½ months' crisis that ended in mid-October brought new difficulties in its wake.

The external problems of the past few years led to a certain flight of capital and loss of transit trade, but the recent internal crisis affected nearly every phase of Lebanese economic life. Commerce and industry came to a standstill, port activities declined to an extremely low level, building stopped and the economic outlook became dark. On the brighter side, however, the Lebanese pound (except for a brief fall in July) showed great strength and quickly reverted to almost its pre-crisis value a week or so after the crisis ended. Some capital took flight at the beginning but this withdrawal never reached the volume of the Suez period and was much smaller than foreign observers had expected.

The resilience of this small country is proverbial and this has proved true once more. Only a few weeks has passed since it became peaceful again and commercial life has made a miraculous recovery. The fact that Lebanon is primarily a trading and agricultural nation helped it tremendously during the political crisis. An industrialized country could not have shut down its plants for such a long time without facing economic upheaval. The few industrial firms here have suffered much more than the merchants, whose closed stores were not as great a burden as a shut-down plant. The crisis has left some scars and it will take time before normal conditions are restored following the disappearance of capital, lack of liquidity, and the decreased port activity.

The lack of liquidity is proving to be the most serious factor in economic recovery. In mid-November it was estimated that sales had reached about 80 per cent of the pre-crisis level, but the ratio of payment, at about 60 per cent, was much lower. The mercantile community is afraid that if the lag between sales and payments increases, the strain may be too great for many establishments and they may have to close their doors. Although the banks have encountered difficult problems during the troubles they have not, in general, curtailed credits to their customers. They feel that, bearing in mind the extraordinary recovery in such a short time, there is room for cautious optimism. The Lebanese business community is hoping that foreign suppliers will not be too exacting in their credit terms and will help them to get back on their feet.

Where Exports Went

The latest statistics cover 1957 and it will not be possible to analyze with any accuracy the effect of last year's upheaval on foreign trade until the 1958 statistics are complete. The pattern of exports in 1957 changed little from that of 1956. The Arab countries such as Syria, Saudi Arabia, Kuwait, Iraq, Jordan and Egypt continued to be Lebanon's best customers. As the table shows, the fluctuations in exports to the European countries such as Britain, West Germany, Italy and France, and to the United States have been slight and exports to the U.S.S.R. increased only moderately.

EXPORTS FROM LEBANON

	Jan. 1-June 30 1958	Jan. 1-Dec. 31 1957	Jan. 1-Dec. 31 1956
	(millions of Lebanese £)		
To			
Syria		18.2	16.3
Saudi Arabia		19.4	16.4
Kuwait		13.3	13.5
Egypt		5.1	6.0
Iraq		9.0	4.7
Jordan		10.7	7.8
United Kingdom		7.1	9.7
Germany		5.5	3.7
Italy		7.8	6.4
France		7.5	11.0
United States		6.7	7.2
U.S.S.R.		4.7	3.9
Others		37.3	39.2
Total	56.0	152.3	145.8

The principal products exported were oranges, apples, lemons, bananas; potatoes; vegetable oils; wool; hides; pipes and tubes, and aluminum circles. Sales of citrus fruits and apples, the mainstay of Lebanese exports, have steadily increased in the past few years. Apple exports made the best showing, rising from 17,000 tons in 1956 to 24,000 in 1957. Oranges followed, with 44,000 tons in 1957 against 41,000 tons in 1956, and then lemons, with exports of 9,000 tons in 1957 against

—The Middle East Air Photo Co.

Modern, substantial-looking buildings line the busy streets in the port area of Beirut. Flourishing transit trade, one of Lebanon's main activities, keeps foreign exchange earnings high.

7,000 in 1956. Bananas, on the other hand, decreased slightly from 12,000 tons in 1956 to 11,000 in 1957. The marketing of apples, with output doubling since 1954 (20,000 tons in 1954 and 40,000 tons in 1958) is becoming a problem to the Lebanese. However, new markets were opened up in Europe in 1957 and in 1958 sales were made to North Africa. It is expected that, with the new "Office de la Pomme" to be established by the present government, the marketing problem will be solved.

Exports from this country to Canada in 1956 and in preceding years consisted chiefly of crude petroleum piped through Lebanon from Arab oil-producing countries. In 1957 no oil was shipped to Canada and exports became purely nominal—$43,292 compared with $19.6 million in 1956 and consisting chiefly of settlers' effects, gift articles and carpets.

Transit Trade Is Vital

The chronic imbalance in Lebanon's foreign trade often puzzles the outsider, who wonders why the large gap between imports and exports does not bankrupt the country. In 1957, for example, Lebanon imported L£625.5 million worth of goods and exported only L£152.3 million worth. Yet the year 1957 was one of the most prosperous ever for the Lebanese. The pound was strong and remained fully convertible and the gold coverage was maintained at an average of 85 per cent. Foreign capital kept flowing in, construction was booming, the port was working to capacity, spending was high, and a general air of prosperity reigned. Yet exports increased by only L£6.5 million in 1957 compared with 1956, and imports increased by L£64.5 million, thus widening the gap. The answer is, of course, the earnings from one of the country's main activities, transit trade.

Sources of Imports

In 1957, Britain replaced Syria as Lebanon's main supplier. Syria took second place, followed by the United States, France, Italy, Saudi Arabia, Iraq, Switzerland, Belgium, Egypt and the U.S.S.R. The following table reveals that the majority of Lebanon's imports come from nearby Arab countries and the West, and that the efforts of the U.S.S.R. and its satellites to break into the Lebanese market have not increased their sales to Lebanon to any great degree.

IMPORTS INTO LEBANON

From	Jan. 1-June 30 1958	Jan. 1-Dec. 31 1957	Jan. 1-Dec. 31 1956
	(millions of Lebanese £)		
United Kingdom		112.4	48.5
Syria		92.1	111.0
United States		72.5	63.7
France		52.3	54.5
Italy		34.4	24.1
Saudi Arabia		27.2	20.9
Iraq		22.7	20.8
Switzerland		18.5	14.0
Belgium		18.0	20.0
Egypt		12.8	10.0
U.S.S.R. and satellites		19.3	17.8
Others		143.3	155.7
	275.4	625.5	561.0

Trade with Canada

Canada's exports to Lebanon fell off in 1957 to $1.12 million from $1.32 million in 1956, mainly because sales of wheat flour totalled only $93,000 compared with $408 thousand in 1956. For the first nine months of last year, however, our sales to Lebanon reached $2,049,586, because of the large amount of wheat flour that went to UNRWA (the United Nations Relief and Works Agency for Palestine refugees). Disregarding these sales of flour (Canada is not a traditional supplier and wheat normally comes from Syria) exports of other Canadian commodities have increased slowly but steadily. Chief among these are asbestos fibres, aluminum, Douglas fir, washing machines, pharmaceuticals, tires, tissue paper, brake linings, milk powder, flour and some automobiles. The crisis undoubtedly cut down our developing export trade in traditional products with this country, but whether the effect will persist depends mainly on the confidence in this market that the Canadian exporter displays and on the credit

terms that he will offer to help overcome the current lack of liquidity.

Currency and Import Regulations

The Lebanese currency, now at L£3.16½ to L£3.17 to the U.S. dollar, has almost completely recovered its pre-crisis foreign exchange value of about L£3.15 to L£3.16 and it remains freely convertible. The crisis, however, affected the amount of money in circulation; it increased from L£350 million at the beginning of May to L£431 million in mid-October. This lowered the gold coverage from 86.5 per cent in May to 70 per cent on October 15th. By October 31st it had gone up to 72.4 per cent and money in circulation dropped to L£424 million.

Imports into Lebanon remain free, except for a few products such as wheat, flour, powdered milk, preserved apples, orange and lemon juices, and leather.

The political difficulties that beset Lebanon from the beginning of May to mid-October left certain serious economic problems to be solved. However, the flexibility of its economy has allowed it to weather the storm without a breakdown. Its quick recovery is a tribute to the Lebanese businessman's acumen. Given peace, prosperity should return rapidly. ●

Saudi Arabia

Firm measures to stabilize currency and cut out unnecessary spending have curtailed import trade now but will mean stronger market in future.

D. S. ARMSTRONG, *Commercial Secretary, Cairo.*

LAST April saw a turning-point in Saudi Arabia's economy with the appointment of Prince Feisal, the King's brother and heir-apparent, as Prime Minister, Finance Minister and Minister of Commerce. (He was already Foreign Minister.) With the co-operation of the International Monetary Fund, a plan was put into effect in June 1958 to stabilize the currency and bring the steadily rising cost of living under control. For the first time, a detailed and firm budget is being drawn up; it is to be published in January.*

Before the adoption of the stabilization program, no close check was kept on revenue and expenditure.

*This report was written in mid-December.

Turbaned Arabs at Damman, Saudi Arabia, seen against mud-brick buildings in the background, contrast sharply with the western car and the gas pumps, still new to this oil-rich land.

Annual revenue—some \$310 million from oil and \$50 million from pilgrims—was spent at random on a number of development schemes. The biggest part of the building program, such as palaces and government buildings, has been completed. Construction on the unfinished buildings has been suspended and major savings are now being made in this field.

Fiscal Stability in Sight

The Saudi Arabian monetary agency is pursuing a "tight money" policy by reducing the note circulation, providing foreign exchange at the official rate for essential imports, and selling foreign currency on the free market. Currency in circulation is said to have been cut from 600 million to 400 million rials in eight months. The free rate of exchange has declined from 6 rials 2 girsh** to the U.S. dollar to 5 rials 7 girsh. The plan is to have in due course a unified and stable rate, either at the present official rate of 3 rials 16½ girsh or somewhere between it and the present free rate.

The previous system of complicated and detailed import controls for a variety of products has been replaced by a simple system of providing foreign exchange at the official rate for essentials like wheat, flour, rice, sugar, tea, cheap textiles, medicines, fresh fruit and vegetables, and agricultural machinery. With the exception of

**22 girsh=one rial.

automobiles, which are prohibited, all other imports may be purchased freely from any source with free market exchange.

In addition, the Saudi Arabian monetary agency has raised currency reserves from 12½ per cent to 50 per cent in eight months and is speedily repaying government overdrafts and debts to foreign banks.

These sound moves to bring stability and order to the economy have restored confidence in the country, but for the time being they have also reduced imports. Businessmen have expressed reluctance to buy from abroad at the moment when they expect that foreign exchange will become progressively cheaper. Furthermore there are apparently surplus stocks of luxuries and even building materials. Importers, bankers and government officials to whom I spoke during a recent visit to Jeddah seemed to agree that it would take 18 months to two years for the new trading system to operate fully and smoothly.

Canadian Trade Steady

Canadian imports from Saudi Arabia, almost exclusively petroleum products, have been increasing year by year and may exceed $50 million in 1958. Exports, which fell slightly in 1957, were improving throughout 1958 and may reach $2 million. Sales of Canadian wheat, our main export to Saudi Arabia, are maintaining the volume of previous years—between 600 thousand and 650 thousand bushels, with a value of about one million dollars.

CANADIAN EXPORTS TO SAUDI ARABIA

1957		1958 (9 mos.)	
Total	**$1,663,528**	**Total**	**$1,436,450**
of which:		of which:	
Wheat	968,331	Wheat	687,159
Automobiles (passenger)	152,459	Automobiles (passenger)	326,817
Automobiles (freight)	44,896	Clocks and parts	98,128
Flour of wheat	39,940	Bookkeeping machines and parts	46,891
Truck tires	39,743	Truck tires	40,766
Lamps and lanterns of metal	38,688	Whisky	40,442

Saudi Arabia deserves more attention from Canadian exporters. It maintains a minimum of restrictions on both imports and payment, Canada has a good reputation among internationally-minded Saudi merchants, and there is a genuine desire to do business with us. The lack of direct shipping is an obstacle to increased trade but the lack of knowledge on the part of local merchants of what Canada has to offer or by Canadians of Saudi Arabia's requirements is even more of an impediment. A glance at export statistics shows a wide range of consumer goods moving from Canada to Saudi Arabia. And although individual values for most of these commodities are still low, they might well be increased if Canadian exporters make a real effort. ●

Sudan

Disposal of cotton crop and financing of development plans among the problems that face the new Government. Canada's sales to Sudanese limited and trade expansion will take time.

D. S. ARMSTRONG, *Commercial Secretary, Cairo.*

THE recent coup d'état in the Sudan, when the Army assumed control of the Government, came at a time when unsold surpluses of export products and shortages of imports had resulted in high prices, high rents, and cutbacks in production. The new government has tackled these problems with vigour but it is too early to tell how successful its efforts will be.

Problems Following Independence

The present difficulties date back almost to the time when the Sudan gained its independence in January 1956. Cotton is the mainstay of the economy; it accounts for two-thirds of all exports and foreign exchange earnings. The Sudan Gezira Board, the state cotton-marketing agency, hoped to take advantage of the break in relations between Egypt and the United Kingdom and France (both of which are important consumers of Sudanese cotton) by increasing the price of its cotton. The result was that Sudanese cotton was priced out of the market. At the end of 1957 there was a carryover of 200 thousand bales, or one-third of an average year's crop. By the end of 1958 the carryover was expected to be 250 thousand bales, even though the last crop was 60 per cent below normal. The 1959 crop, which will be harvested in March, is expected to be a good one.

The Sudan, soon after independence, launched an ambitious development program for new roads, improvements to railways, and new irrigation schemes. These admirable plans were predicated on a degree of prosperity that has not been achieved, but a revision has presented difficulties. Similarly, as foreign exchange reserves dwindled some import restrictions had to be introduced, but they did not entirely remedy the situation.

Financial Position Difficult

These difficulties are reflected in the trade and financial statistics. Foreign exchange reserves dropped from S£33 million in January 1957 to S£5.5 million in November 1958. The latter figure includes a $5 million loan from the International Monetary Fund, a final settlement of £1.9 million for the withdrawal of Egyptian currency, and a loan of £3 million from Barclay's Bank to the Sudan Gezira Board. Two of

these are loans that will have to be repaid. The Sudan has no national debt. It has, however, received a $39 million World Bank loan for the development of transportation and this too must be paid back.

In July the Sudan accepted the offer of an aid program from the United States totalling US$30.6 million. Some $10 million will be used for a textile mill in Khartoum; $5.6 million for technical assistance (rural water, roads, surveys, education and agriculture), and the remaining $15 million for selected imports to be repaid in counterpart funds. Both the former and the present governments have stated that they will accept foreign aid from any source as long as it does not endanger Sudanese freedom and independence.

Trade Deficit Increases

In foreign trade, the balance has swung from a S£21.5 million surplus in 1956 to a S£14.8 million deficit in 1957 and one of S£10.6 million for the first eight months of 1958. The Sudan's main trading partners are the United Kingdom, West Germany, Egypt and India. Trade with Egypt during the last year has been hampered by import restrictions and embargoes. Canadian trade with the Sudan has never been large—our exports to that country reached nearly $213 thousand in 1957 and our imports (entirely arabic and amber gums) totalled a high of $97,000 in 1955 and in 1957 were valued at only $44,000. Moreover, this trade is not likely to expand in the near future.

Exports consist for the most part of agricultural implements. In the Nuba Mountains area, 30 miles southwest of Khartoum, dura or millet is grown under conditions ideal for mechanical cultivation. A type of disc harrow with 28 to 32 discs, 16 or more feet wide, is used and this is made in Canada. Sales of these implements to the Sudan reached about $110 thousand in 1957 and may be larger in 1958. During my recent trip to Khartoum, agents of Canadian manufacturers there told me that they had applied for licences to import $500 thousand worth of agricultural implements from Canada during 1959.

Future Looks More Promising

The new Government's economic problems are serious but not insoluble. The chief one is the cotton-marketing policy. The Sudan is affected by world market conditions and the selling policies of other producers, particularly Egypt, which raises comparable and competitive types of cotton. In dealing with the second problem, the development program, the Government will have to determine how much the country can afford to undertake at the moment. Third, an effective policy for the control of imports must be devised and put into operation. The barriers to trade with Egypt have already been lifted and goods are beginning to move in both directions.

Current difficulties should not overshadow the fact that the Sudan has vast untapped resources, mainly agricultural, and that in the long run prospects are favourable. The World Bank, several British and United States banks, (which have made loans totalling nearly $50 million), plus a number of private industrialists have already given tangible proof of their faith in the country's future. ●

Turkey

Financial aid from the U.S. and OEEC countries, plus higher export earnings, have brightened economic prospects. Strict control of import licences and shortage of money restrict trade for the moment, but interested Canadians should watch market closely.

L. D. R. DYKE,
Assistant Commercial Secretary, Athens.

THE highlight of the year 1958 in Turkey was the receipt of $284 million in long-term credits (exclusive of military aid) from the United States and OEEC countries. These credits may be summarized as follows:

From the United States:

1. $25 million—"special aid".[1,2]

2. $75 million—from Export-Import Bank and the Development Loan Fund for development projects.

3. $44 million—consolidation of arrears and dues to 1965 of principal and interest on three previous U.S. loans to Turkey

4. $15 million—shipments under PL 480 (1958-59) —mainly vegetable oils, some dairy produce, and meat. (Cereals unlikely.)

From the IMF: $25 million—for imports.[1,2]

From the OEEC:

1. $25 million—credit for imports.[1,3]

2. $75 million—additional credits from EPU countries.[4]

With the aid of these credits, Turkey revised her trade regime. Examination of the new regime announced

[1]made available under the $150 million first three-month quota.
[2]can be used in any non-Communist country.
[3]can be used in EPU countries only.
[4]Germany $50 million, U.K. $10 million, other $15 million.

on September 23 indicates improved, although still limited, opportunities for aggressive Canadian exporters.

Mechanics of New Regime

The first step taken was the announcement of a $150 million, three-month quota for imports from EPU and dollar countries of urgently needed equipment, spare parts and raw materials. Applications for import licences under this quota closed on October 8 and were over-subscribed by more than $400 million. The over-subscription—largely the result of speculative applications—was immediately brought into focus by requiring that each application for an import licence be accompanied by a countervalue deposit of 20 per cent of the invoice value of the goods. Further licence applications for vehicles, spare parts, tires, and other items requiring a specialized sales organization may have to include full details on previous sales, service facilities, spare-part stocks, etc. Under the first quota, this information was required from applicants who wanted agricultural machinery.

Subsequent quarterly quotas, like the first, apparently will be composed of specific commodity quotas for most needed goods. Those wishing to import goods must apply to the Central Bank for import licences within a short specified period after the quota is announced. By a subsequent date (also specified) they must deposit with the Central Bank the 20 per cent countervalue of the goods named in the licence. When the import licence is granted, the importer must deposit the remaining 80 per cent countervalue of the goods with the Central Bank within one week. Failure to fulfil this condition means cancellation of licence and loss of the 20 per cent deposit. It should also be noted that no importer can apply for more than 15 per cent of the allocation for any one item. Manufacturers must apply to the Union of Chambers of Commerce and Industry for "capacity and requirement" certificates to accompany their applications for import licences. All applications must also include a pro forma invoice from the potential supplier.

All import prices must be approved by the Price Control Office which examines all pro forma invoices. In addition to this check, it has been officially stated that should the price paid for any imports be higher than the prevailing world price on the date of sale, the importer is liable to lose all importing rights for one year. To ensure co-ordination of demand with supply, import must be effected within four months from the date that the licence is issued. Exceptions are made when a specific period for manufacture is granted.

Future Prospects Brighter

Turkey's new import regime, plus the financial backing given by her OEEC partners and the United States, should improve trading opportunities. Barring unforeseen difficulties, the country is embarking on a program that should lead in due course to well-being and prosperity. It is generally felt that a limited but regular volume of business will now be possible, with reasonable profits.

Recent decreases in the unofficial rate of exchange find the Turkish pound nearly worth its official rate of nine to the U.S. dollar. The Government's expressed desire to halt inflation and stabilize the currency is reflected in the strict monetary regulations and the resultant decline of money in circulation within the country.

In fact, the shortage of working capital, coupled with the freezing of bank credits at the June 30 level, made payment of the 20 per cent deposit on import licence applications under the first quota difficult for many traders. This situation has eased only slightly and this indicates that there may be some problem about taking up the second three-month quota (not announced at time of writing). The internal money shortage is no doubt causing difficulties for Turkish importers—especially when one bears in mind that the landed value of $150 million worth of imports is roughly T£2,500 million, against a total currency circulation of about T£4,000 million. It is generally agreed, however, that after the first eight to ten months of belt-tightening, business conditions will gradually improve.

Export Earnings Increase

Turning to exports, with the help of the new premium exchange rates * foreign exchange earnings of close to $180 million appear assured for the 1958-59 winter export season that runs from September to February. The following were expected to be available for export:

- *Durum Wheat and Barley*—about 500 thousand tons, in addition to large quantities of 1957 durum still on hand. Some 100 thousand tons of barley have already been sold to EPU countries.
- *Cotton*—about 60,000 tons.
- *Sultanas*—52,000 tons; 32,000 tons have already been sold.
- *Figs*—75 per cent of the record 40,000-ton fig crop; by October 31, 12,000 tons had been sold.
- *Hazelnut Kernels* (filberts)—more than 90 per cent of the 45,000-ton production; about 10,000 tons had been sold by October 31.

Export earnings from these products, combined with the foreign credits for development of industry obtained

---

*Against base rate T£2.80=US$1.00:

Opium, chrome, copper and tobacco	T£4.90=US$1.00
Sultanas, figs and hazelnuts	T£5.60=US$1.00
All other produce, services, etc.	T£9.00=US$1.00

from several sources previously mentioned, augur well for a revitalized national economy.

Other encouraging developments include worthwhile oil discoveries and the recently announced plans for a Turkish-Iranian pipeline. An eighty-year agreement has been signed calling for the construction of a 1,550-kilometre, 32-centimetre pipeline to draw oil from the Qum oilfields of Iran to the Turkish port of Iskenderum. Estimated cost is over $500 million. Although the extent of the Qum oilfield is not yet known, the pipeline is expected to have an annual capacity of roughly 30 million tons.

At this stage in her development, Turkey has many needs and a good number of these could be supplied from Canada. Canada's share in Turkey's import trade will depend largely on the willingness of Canadian firms to meet European competition. Naturally, a capable and aggressive agent is important and on-the-spot investigation is also recommended to the forward-looking Canadian exporter who wishes to acquaint himself with this potentially strong market. •

United Arab Republic

Egypt

Shortage of dollars impedes trade with the West, except where barter or other deals can be worked out. Canadian exporters encounter this difficulty in stepping up their sales to Egypt.

D. S. ARMSTRONG, *Commercial Secretary, Cairo.*

THE credits that Egypt has obtained from countries in the Soviet bloc to finance the building of factories, etc., and the construction of the Aswan High Dam are covered by various agreements. Similar agreements have also been signed with West Germany, Japan and France. These credits have to be repaid largely from earnings of cotton exports to these countries. Despite these commitments, however, and the fact that in the past three years between half and two-thirds of the cotton crop has gone to the Communist bloc, there are still sizable quantities available for other customers and particularly the West. At the opening of the cotton season on September 1, 1957, the carryover totalled about one million cantars (99.05 pounds per cantar). When the season ended on August 31, 1958, 2.2 million cantars of cotton remained unsold. The new crop plus the carryover will give Egypt the largest quantity for disposal that she has ever had—11.4 million cantars.

Egypt still has close economic ties with Western Europe. Moreover, she needs raw materials, lubricants, spare parts and other consumable stores, many of which she cannot get from the Eastern countries. In addition, she is buying more machinery, plant and equipment from the West than from the East. This prompts the question: how does she pay for these imports? Naturally, she earns Western currencies from cash exports, the tourist trade, and Suez Canal tolls, but not enough to pay for her needs.

How Imports Are Financed

The various methods used by importers to arrange payment include:

• By finding sources of supply among countries that accept Egyptian pounds in payment. The list includes the Communist bloc, Middle Eastern group, Indonesia, Greece, Austria and Spain, and Egypt has a credit balance with many of them. The pounds can be used by the supplying country to pay for Egyptian exports but not to meet Canal tolls. The bulk of Egypt's imports are financed in this way.

• By applying for a licence to make payment through the "Export Account" where this payment is required in foreign currency. This entails a premium of 17.6 per cent over the official rate. However, licences are issued only for a select list of essentials—such as raw materials, spare parts and machinery.

• By selling foreign exchange earnings from a limited range of products at a sizable premium to importers who can obtain import licences automatically, provided that import of the goods in question is not prohibited. The list of export commodities coming under this scheme includes fruits, vegetables and handicrafts but not such regular exchange-earners as cotton or rice.

• By using a complicated system called the "Investment Account". In this case, the import licences stipulate that there will be no transfer of foreign exchange "now

or in the future". In this instance the foreign exchange is provided by any non-resident who wishes to invest in Egypt; half of it is sold to the National Bank and the remainder to an importer at a sizable premium. This system can be used for both prohibited and non-prohibited goods; in the latter case, the proviso that 50 per cent of the foreign exchange must be surrendered does not apply. This procedure is popular with people from Middle Eastern oil-producing countries who wish to invest in Egypt. It is also used, on occasion, by Communist countries or their trade representatives in Egypt who sell foreign exchange for a premium in local currency and use it to settle debit balances.

• By entering into barter deals involving the exchange of imports against cotton exports. Sometimes several types of imports are involved. Frequently these deals are complicated by various premiums and discounts. On occasion, deals involving three countries have been carried out. Egypt now has barter deals totalling £E20 million with six West European countries for cotton against various commodities.

• By making credit agreements with both Communist and non-Communist countries totalling over £E100 million for the supply of plant, machinery and equipment to be used in the country's industrialization program. These involve long-term credits of from 12 to 20 years. Examples are a sugar mill from Japan, a pulp and paper mill and a truck factory from West Germany, and a caustic soda plant from Italy.

Purchases Abroad Rise Sharply

The effect of these various methods of financing imports is seen in the figures in the following table.

EGYPT'S FOREIGN TRADE BY AREAS

	Imports from		Exports to	
	January-July			
	1957	1958	1957	1958
	(millions of £E)			
Arab League	8.3	6.4	10.8	10.6
Communist Bloc	30.3	44.5	50.6	42.8
Western Europe	33.5	63.1	20.3	21.1
Asia, Africa, Australia	15.4	15.6	15.5	24.0
North and South America	10.4	13.2	2.4	3.2
Total	97.9	142.8	99.6	101.7

The table also reveals that Egypt's exports went up slightly during the first seven months of 1958 compared with 1957 but that the increase in imports was much greater. Purchases from the Communist bloc rose by 46 per cent, from Western Europe by 88 per cent, and from the Americas by 27 per cent. The trade deficit totalled £E41.1 million and seems to have been financed by long-term credits and by earnings from invisibles, such as the tourist trade and the Suez Canal tolls.

Trade with Canada

Payment difficulties are the main obstacle in increasing Canadian sales to Egypt, though these went up slightly during the first nine months of 1958—to $863 thousand, compared with only $665 thousand in the first three quarters of 1957. The 1957 sales to Egypt were led by rayon pulp and staple fibre for the textile industry. Other products well up in the export list included newsprint, asbestos, fire brick, tallow, and automotive and locomotive spare parts. One new item added to Canadian shipments in 1958 was Salk

—Egyptian Administration of Information.
Oranges are one of Egypt's important cash crops and more thought has been given lately to boosting exports of these and other citrus crops and fresh vegetables to European markets. Workers are checking and packing oranges in the groves at Inshas, once part of the royal holdings but now administered by the Land Reform Central Committee.

polio vaccine. In addition, the United Nations Emergency Force obtains some of its stores from Canada, including recently $140 thousand worth of flour. Egypt has shown some interest in Canadian wheat—she has to import over one million tons of wheat a year—but a shortage of dollars makes purchase difficult.

Canadian imports from Egypt in 1957 reached about $330 thousand, led by rice ($81,000) and fresh onions ($76,000). In the first eight months of 1958 they totalled $171 thousand, with onions ($116 thousand) far in the lead. •

Syria

A bad season for cereal crops and low cotton prices have cut Syria's foreign exchange earnings. On the other hand, union with Egypt and increased Russian aid for big industrial development projects promise more economic stability and a better future for trade.

C. O. R. ROUSSEAU, *Commercial Secretary, Beirut.*

THE year 1958 was a momentous one for Syria: the country's existence as a separate state vanished following its union with Egypt. The union was proclaimed on February 5 and ratified overwhelmingly by the February 21st plebiscite. Also ratified last year was the Syro-Russian economic and technical co-operation treaty signed in October 1957. By this treaty, Russia pledges to supply the equipment and technical aid required for several big development projects. Syria is to repay the loan over twelve years at 2½ per cent interest and can use the credit within seven years; each project is financed separately. Since the end of 1957, more and more Russian experts have been surveying these projects.

On the debit side, a drought last year hit two of the main crops—wheat and barley. These two staples, with cotton, are Syria's main sources of foreign exchange and the crop failures have had serious repercussions. In 1955 Syria faced a similar situation and farmers have not yet recovered. It was expected that the record cotton crop would help recoup some of the losses, but these hopes were dashed by low prices and the difficulty of finding markets.

Industrial Development Planned

Syria's essentially agricultural economy has helped it keep a favourable trade balance, though this specialization sometimes leaves the country at the mercy of the elements. To help diversify the economy, a ten-year plan is to be launched in July 1959; it will include the development of irrigation, electricity, industry, railways and roads, the construction of a new airport, and the planting of forests.

Syria's projected dam on the Euphrates River will permit the irrigation of some 800 thousand hectares (1 hectare=2.47 acres) and provide 300 thousand kwh. of electric power. Like the Aswan Dam in Egypt, it is estimated that it will take about ten years to build and cost about S£1,000 million, of which £250 million will come from the Soviet Union. Some £250 million is to be spent for building railways and silos, and £165 million of this is to come from the U.S.S.R. The Damascus airport is expected to cost £50 million; bridges £15 million; the Ghab drainage and irrigation project £100 million; other dams £115 million; canals £40 million; oil tanks and refineries £70 million. The total cost will be over £2,000 million and interest on loans about £100 million.

To aid the development of industry further, the Government is to establish an Industrial Bank with a capital of £12.5 million to be called the Industrial Bank of the Syrian Province. The bank will be guaranteed by the state and supervised and controlled by the Ministry of Economy and Commerce. It will offer loans, expand and improve existing industries, and establish new ones.

Land Law Limits Ownership

But diversification will not, at least in the foreseeable future, detract from the importance of agriculture in the economy, though agriculture has not escaped the current of change. The Agrarian Reform Law of September 27, 1958, limits ownership to 80 hectares of irrigated and 300 hectares of non-irrigated land. In addition, existing landowners can transfer the ownership of 40 hectares of irrigated and 160 hectares of non-irrigated land to wife and children. All excess land must be turned over to the Government, which will assume ownership during the next five years. Compensation equal to ten times the annual rent of land will be paid in state bonds bearing 1½ per cent interest and redeemable over forty years. The peasants will receive from the state a maximum of 8 hectares of irrigated and 30 hectares of non-irrigated land. Payment by these peasants will be at the same rate as the government compensation to the landowners.

The law affects 2,273 landowners who must turn over to the state 1.39 million hectares, or 71 per cent of the land in their possession. The total cultivated area is 4.59 million hectares and another 2.66 million are arable. The owners of the expropriated land (only 1 per cent of the total number of owners) held 35 per cent of the arable land and about one-half of the actual

cultivated area; 50 per cent of this cultivated land is irrigated.

Crop Production Down

The Agrarian Reform Law came into effect in a year that proved disastrous for the main crops. Wheat, the principal cereal, was planted on 1.5 million hectares and yielded only an estimated 561 thousand tons compared with 1.354 million in 1957. Barley, planted on 812 thousand hectares, yielded 179 thousand tons against 720 thousand in 1957. A record cotton crop, however, totalled over 131 thousand tons against 107 thousand in 1956. Other crop yields were low in 1958 compared with 1957: lentils 48,000 tons against 77,000 tons in 1957; other pulses 60,000 tons (98,000); beets 24,000 (61,000); sorghum 32,000 (51,000); corn 13,000 (15,000); and potatoes 26,000 (32,000). A bumper olive harvest is expected and the current estimate is 100 thousand tons against 39,000 in 1957.

Exports to Soviet Bloc Rise

In 1957 Syrian exports totalled S£548 million. Three commodities—cotton valued at £188.6 million, wheat £88.6 million and barley £52 million—accounted for 56 per cent of total exports. Other large exports are pulses, vegetable oils, wool, textiles and sheep. The accompanying table shows the importance of the Soviet Union and the Eastern European countries as importers of Syrian products. Although France, Italy and Germany are still sizable buyers, they are steadily being eclipsed by Soviet countries.

EXPORTS FROM SYRIA

	Six months 1958	Year 1957	Year 1956
	(millions of S£)		
Soviet Union	35.7	12.3	4.1
Other Communist countries	56.9	83.5	36.0
France	24.2	56.4	63.4
Italy	24.0	63.7	56.9
Saudi Arabia	13.8	22.3	19.3
Iraq	9.4	25.8	28.9
Germany	8.2	29.6	30.5
Jordan	8.9	17.8	15.0
Japan	6.0	7.5	6.1
United Kingdom	5.6	6.1	10.9
Egypt	2.8	31.8	9.0
Others	22.7	99.1	114.3
Total	252.2	548.0	515.0

Canada last year bought goods valued at only $242 thousand and for the first six months of 1958 only $110 thousand. The principal things we obtain from Syria are cotton linters, tobacco, and copper manufactures.

In 1957 the United States was Syria's main supplier, followed by Germany, Britain, France and Italy. The U.S.S.R. and other Communist countries have not yet made great inroads on import trade but when the new Syro-Russian treaty comes into force, the picture may change. The principal products imported are oil, mineral products, textile fibres, iron and steel, agricultural machinery, industrial and electrical equipment, automobiles and trucks, and fruit.

IMPORTS INTO SYRIA

	Six months 1958	Year 1957	Year 1956
	(millions of S£)		
Germany	39.2	65.6	43.2
United States	32.7	69.1	47.7
United Kingdom	28.8	47.5	52.9
France	28.3	42.7	36.2
Lebanon	18.0	24.6	40.2
Italy	16.2	41.2	23.7
Belgium	16.1	27.1	14.8
Japan	15.5	21.1	10.3
Iraq	15.4	34.0	28.3
Saudi Arabia	14.5	30.8	22.3
Soviet Union	4.9	11.4	1.2
Other Communist countries	23.2	35.6	16.3
Egypt	10.3	14.3	8.3
Others	91.9	151.0	344.6
Total	355.0	616.0	690.0

Canadian exports to Syria in 1957 totalled $722 thousand, a slight increase over the $719 thousand of 1956. Exports in 1958 promise to be better: from January to September, they reached $716 thousand, despite disturbed conditions in neighbouring Lebanon, Jordan and Iraq. The main products we sell to Syria are steel sheets, Douglas fir, asbestos brake linings, tires, pharmaceuticals, agricultural accessories and a few automobiles.

Import Restrictions

All imports are subject to licence. New regulations contain a list of (a) prohibited imports such as doors, windows, furniture of wood and iron, pegs, cabinetwork, matchboxes and wickerwork; and (b) imports for which licences are granted only to Arab League states and countries with which an equivalent balance of trade is established (the Soviet bloc, France, Denmark, Italy and Greece). The commodities covered by (b) are wax, silk, artificial silk and cotton textiles, embroideries of wool and of cotton, velvet, wadding and felt, linen, headgear, stone and mineral wares, ceramics, glass and glassware, and miscellaneous wares of base metals. Licences to import other products from any source may be granted.

The normal tariff is calculated at the free market rate of S£3.65 to the Canadian dollar, plus a municipal tax of 3.3 per cent ad valorem. Three other taxes totalling 20 per cent of the customs duty are levied for defence, education and ports. Egypt pays a full normal tariff on tobacco, sugar and salt, and 50 per cent of the normal tariff on yarns, textiles, glassware, leather, footwear and soft drinks. All other products from Egypt are exempt from customs duty on a reciprocal basis.

The Syrian Region of the United Arab Republic is going through a difficult period of transition. Great changes are taking place and, though it is difficult to forecast the effect at present, they should enhance the trading potential of the country.

Import and Exchange Regulations in the Middle East

International Trade Relations Branch.

THE following is a summary of the import control regulations at present in effect in the Middle Eastern countries.

BAHRAIN

Import permits are required only for alcoholic beverages and there are no quota restrictions. The import of certain goods—firearms and ammunition, for example —is prohibited. Foreign exchange is generally available on the free market.

EGYPT

Certain goods are prohibited import. Priority is given to imports paid for in Egyptian pounds. For other imports from countries that have not concluded barter trade agreements with Egypt, such as dollar (includes Canada), sterling, Scandinavian and Latin American countries, imports are permitted within the limits of foreign currencies available. However, it must be proved that the goods required are essential, cannot be imported from countries that accept payment in Egyptian pounds, and are unobtainable from countries with which Egypt has barter trade agreements and credit balances.

IRAN

No limitation has been placed on the import of goods for the current fiscal year (March 21, 1958, to March 20, 1959) and no detailed list of permissible imports has been drawn up. A few products are prohibited entry but all others may be freely imported. An overall quota of twenty billion rials has been set for imports for the year.

IRAQ

All imports, including those from Canada, are subject to import licences issued by the Minister of Supply and these licences must be obtained before orders are confirmed abroad. The Director General of Imports has published a list of specified commodities for which licences for import from the dollar area may be issued. (See article on Iraq in this issue for details.) Applications from importers will be examined by the Department of Trade on their individual merits.

ISRAEL

Import licences issued by the licensing authorities are required for all imports, except direct government imports, passengers' baggage, and certain gifts. The import licence is also the authority to obtain the necessary foreign exchange. In general, and because of the dollar shortage, preference is given to the import of essential goods. The period of validity of import licences varies with the anticipated date of arrival of merchandise in the country.

JORDAN

An import licence and exchange permit are required for all merchandise, except some from certain Arab countries. There is a short list of prohibited goods. Import licences, when issued, are usually valid for six months. Application for the necessary exchange may be made immediately after the licence is received. An exchange permit is necessary in all cases before an importer can purchase exchange at the official rate.

KUWAIT

Import permits are not required for imports into Kuwait but the following goods are prohibited entry: guns and

ammunition, opium, poisonous drugs, certain printed matter, false coins, weights and stamps. There are no exchange regulations covering dollar imports and exchange may be freely procured.

LEBANON

With the exception of certain articles which require a prior import licence, goods may be imported freely and no licences are needed. Imports are paid for with foreign exchange that may be bought freely. It is customary for drafts to be paid after arrival of the merchandise.

SAUDI ARABIA

Import licences are required for specified goods, including food grains, fresh fruit and vegetables, textile fabrics, medicines and pharmaceuticals, sugar, tea, agricultural implements and industrial capital goods. For such goods, foreign exchange is provided by the Saudi Arabian Monetary Agency. All other goods may be imported freely without licence. Import of automobiles is prohibited.

SUDAN

Imports from Canada are subject to licences that are not valid until endorsed by the exchange control authorities for release of the currency and by a foreign exchange bank to the effect that the currency has already been released. In allocating import licences for goods from dollar countries, priority is given to essential products not obtainable from other sources.

SYRIA

Imports are subject to licences and, except for prohibited goods, (see list in article on Syria) licences may be applied for when the merchandise is ordered or after arrival of the goods in customs. Certain goods may be bought only from Arab League states and countries with which an equivalent balance of trade is established. Licences are valid for four months and merchandise must arrive in the country before the expiration date. Exchange may be obtained at free-market rates. In general, the practice of importers is to pay documentary drafts upon arrival of the goods rather than upon receipt of the relevant drafts.

TURKEY

Imports from all countries are subject to licence issued by the Central Bank of Turkey within the limits of global quotas, fixed quarterly. Licences are valid for four months from date of issue and only for the goods listed. No application may be made for more than 15 per cent of any global quota. Because Turkish importers must take the initiative on any imports, Canadian exporters may wish to keep Turkish agents informed of their quotations. ●

Irish Imports Increase

PRELIMINARY statistics released by the Central Statistics Office, Dublin, for the nine months to the end of September 1958 show an adverse Irish trade balance of £45.3 million, an increase of £10.5 million compared with 1957 figures.

Imports were some 11.6 per cent greater in volume and exports 0.9 per cent less than in the first nine months of 1957. In value, imports climbed by £8.8 million and exports by £200 thousand compared with the same period of 1957. In general, import prices were lower and domestic export prices higher or the adverse balance would have been greater. Raw materials and capital goods led in the gain in imports. The largest increase came in body and chassis aggregates for road vehicles, which went up by £3.7 million over last year's £2.8 million. The import of ships and boats increased substantially during the first nine months of 1958, and totalled £3.94 million, £2 million higher than for the same period of 1957. Ireland also imported more cattle, fertilizers, grain offals, cocoa, and machinery.

The £200 thousand jump in exports resulted from an upsurge of £400 thousand in re-exports at a time when domestic exports fell by £200 thousand. Live cattle exports were down by £5.4 million—from £37.9 million to £32.5 million. This decrease was offset to some extent by the rise in sales abroad of foodstuffs of animal origin. Other significant achievements were in new motor cars, up £500 thousand, and chocolate crumb and other chocolate preparations, up by £400 thousand each. Textile exports dropped by £2.2 million, mainly because of declines in sales of wool and yarn.

Irish-Canadian trade was in contrast to the general picture—exports were up and imports down compared with the nine months up to September 1957: exports rose by £16,000 and imports fell by £51,000. Exports of chocolate crumb and chocolate preparations showed the most significant expansion—approximately £76,000 and £58,000 respectively. There were slight drops in the value of most items imported in the first nine months of 1958 compared with 1957, but these were not significant except for wheat, imports of which were lower by £470 thousand because of the record domestic crop in 1957. This position may be reversed by the end of the year because by that time domestic millable wheat in storage will have been consumed. The disastrous 1958 crop provided only some 25,000 tons.

—H. A. GILBERT,
Commercial Counsellor, Dublin.

Commodity Notes

Chemicals

IRAN—As the first step in developing a petrochemical industry in the oil-rich Khuzestan region of Iran, an Italian chemical company has agreed to co-operate with the Development and Resources Corporation to build a plant for making polyvinyl chloride. Other facilities will be provided to make caustic soda and chlorine.

The Italian firm will design the polymerization unit and blending plant and will prepare specifications for all other equipment. It will direct construction, train Persian workers, and supervise operations. It will also attempt to expand Iran's plastics-fabricating industry to increase the domestic market for polyvinyl chloride. Construction bids were to be invited late in 1958 and contracts awarded early in 1959. The plant is to begin production in 1961—Karachi.

NORWAY—A/S Borregaard, the Norwegian paper, pulp and chemical company, has now practically completed a new plant to use lignin, the residue obtained from waste sulphite liquor. The lignin will be used for fuel by a new wet oxidization process and will save the firm about 60,000 tons of fuel oil a year. This Zimmermann process has been developed in laboratories and pilot plants in the United States, but Borregaard is the first firm to use it on a large scale. It also holds the exploitation rights for this process for the pulp and paper industry in Europe. Borregaard has also decided to build a new plant for producing vanillin to be used as a raw material for making various dyestuffs—Oslo.

Electrical Products

NORWAY—Norway's largest electrotechnical company, A/S Norsk Elektrisk & Brown Boveri (NEBB), turns out electrical products valued at approximately Kr.60 million a year. This firm has a licence agreement with the Swiss firm A. G. Brown, Boveri & Cie., Baden. NEBB's main products are generators; electric motors for industry, shipping and handicraft; electric locomotives and various electrical apparatus. It can build generator capacity of about 250 thousand kva. a year (the annual demand for generator capacity in Norway is about 500 thousand-600 thousand kva.). So far, NEBB has delivered its products mainly to the home market, but negotiations are under way to sell a large number of electric locomotives to the Swedish State Railways—Oslo.

Galvanized Pipe

COLOMBIA—Production of low-pressure galvanized pipe in sizes from $\frac{3}{4}$-inch to 4 inches has begun in a new $500 thousand plant near Bogotá; capacity is 15,000 tons a year. The new company, Consorcio Metalurgico National S.A., has been financed with Colombian, Panamanian and French capital. Equipment for fabricating, galvanizing and threading came from the United States. A second plant of this type, planned by Siderurgica de Medellín S.A., is to begin producing in mid-1959—Bogotá.

Honey

MEXICO—Mexico's honey production in 1957 totalled an estimated 21,000 metric tons, and 13,100 tons were exported. This continues the postwar trend toward higher production and exports, but it also shows an increase of 38 per cent over 1956 and 100 per cent over 1950. The principal market is Germany, which took 54 per cent of exports in 1957. The United States came second with 23 per cent, and the rest went to various European countries—Mexico, D.F.

Pulp and Paper

NEW ZEALAND—After suffering consecutive losses since starting production three years ago, the Tasman Pulp and Paper Co. Limited, Kawerau, New Zealand, earned a net profit of roughly £250 thousand in the year ended October 31, 1958. This is a net figure reached after allowing £1.7 million for depreciation and compares with a net loss of £1.1 million for the same period in 1956-57, when the reserve for depreciation was roughly the same.

During the year the company turned out 75,000 tons of newsprint, 39,000 tons of wood pulp for sale,

and 40.6 million board feet of sawn timber. Newsprint production for 1957-58 reached the rated capacity but production at present is running higher than capacity—Wellington.

Pulpwood

UNITED STATES—Florida's forests produced almost two million cords of pulpwood for the manufacture of pulp and paper in 1957. This cut, including both pine and hardwoods, was slightly below that of 1956, reversing a long-term upward trend. Production in the twelve southern states fell 6 per cent.

More hardwoods are now being cut in Florida. In 1957, 26,000 cords were used by Florida pulp mills compared with less than 1,000 in other years. Mills throughout the South, however, have been using hardwoods for years; last year they accounted for 15 per cent of the total wood consumed there.

Ten mills in Florida are turning out wood pulp, and they have a combined 24-hour capacity of 7,745 tons. The annual pulpwood cut in the state meets about 60 per cent of the needs of these mills. Seven of them make pulp and paper, two make pulp for synthetic fibres, and one produces a fibre wallboard —New Orleans.

Sugar Beets

GREECE—Greece hopes to boost sugar-beet acreage to 7,500 acres by 1961 when her first sugar refinery will start operating. This proposed increase will, in addition to providing raw material for the refinery, give the Greek farmer a higher income per acre than he gets from growing wheat. Sugar-beet farming should cut down Greece's wheat acreage from 2.6 million acres to 1.8 million. At current world wheat prices, Greece pays a premium of over 50 per cent for local wheat because of high production costs on small holdings, poor soil, and lack of extensive irrigation and mechanization—Athens.

Synthetic Fibre

NETHERLANDS—A new plant of the Algemene Kunstzijde Unie (A.K.U.) N.V. has been opened at Emmen. It will make a new type of synthetic yarn and fibre to be marketed under the trade name Terlenka. When the A.K.U. obtained from Imperial Chemical Industries Ltd. in 1954 the right to produce polyester yarns and fibres in the Benelux countries, a pilot plant was built that turned out the first Terlenka fibre in September 1955. In the fall of 1957 building started on a plant for large-scale production—The Hague.

Synthetic Resins

PORTUGAL—A new factory for making alkyd, maleic and phenolic resins and urea-formaldehyde has recently come into production. Initially it will turn out 600 tons of resins and 1,000 tons of urea-formaldehyde a year but this is to be tripled by the end of the first year. Raw materials such as vegetable oils, glycerine, etc., will be supplied locally and end-products will be sold mainly to paint, varnish and plywood industries.

The firm has the technical backing of a German chemical company and will be managed by Portuguese and French engineers. French, German and Portuguese capital was provided and investors from all three countries are represented on the Board of Directors—Lisbon.

Synthetic Yarns and Fibres

GREECE—Before 1955 no synthetic textile fibres and yarns and only very few synthetic textile fibres were exported to Greece from Canada. Remarkable progress has been made since then, despite stiff competition from the U.K. and Western European countries. In 1957 Canada shipped some 63,000 pounds of synthetic yarns and fibres valued at nearly $48,000 to Greece (1956—199 pounds valued at $1,100; 1955—89 pounds valued at $854). Indications are that 1958 exports may exceed these totals for a new record (34,882 pounds, valued at $24,647 for the first seven months of the year)—Athens.

London Appointment Announced

B. C. BUTLER has been appointed Minister (Commercial) in London and expects to arrive there in mid-January. In this post he succeeds H. Leslie Brown, who was appointed Assistant Deputy Minister (Trade Promotion) with the Department in Ottawa late in June. Mr. Butler goes to London from The Hague, where he has served as Commercial Counsellor since 1956. His 29 years with the Trade Commissioner Service have taken him to posts in Batavia (Djakarta), Singapore, Los Angeles, New York, Detroit and Paris, as well as The Hague. During the last war Mr. Butler was recalled to Ottawa and appointed Director, Export Section, of the Shipping Priorities Committee. He returned to Ottawa again in 1945 to become Director of the Trade Publicity Branch. Mr. Butler is a native of Hamilton, Ontario, and a graduate of Queen's University where he obtained his Bachelor of Arts degree in 1927 and Bachelor of Commerce in 1928.

PHARMACEUTICAL RAW MATERIALS

℞ Markets in the Middle East

EGYPT—*Expanding industry imports most raw materials, but Canadian exporters find opportunities limited by Egypt's foreign exchange difficulties.*

D. S. ARMSTRONG, *Commercial Secretary, Cairo.*

THE pharmaceutical industry in this country should expand rapidly in the next few years. This development would be in line with the Government's policy of increasing Egypt's industrial self-sufficiency and conserving foreign exchange. In addition, a natural population growth of half a million each year, combined with rising health and living standards, will mean a greater Egyptian market for medicines. Because the industry is in transition, statistical and other information for previous years, when available, gives little guidance on the type of pharmaceutical industry Egypt will have in the future. However, it is obvious that the import of raw materials will receive greater emphasis and licences for the import of finished products will be restricted to types not made locally.

Local Industry to Expand

There are more than thirty registered laboratories producing pharmaceutical preparations but only five are considered important. With the exception of one engaged in the extraction of materials from medicinal plants, the industry uses synthetic chemicals, most of which are imported. As yet, only a few products are being manufactured under licence from foreign firms and there are no subsidiaries here of internationally-known drug companies. However, this is where the greatest change may come in the next few years. Restricted imports and government sponsorship of local industry have encouraged foreign firms to examine seriously the opportunities for production in Egypt. It is said that the Government has received more than a dozen proposals, although no foreign firms have announced specific plans for manufacturing. However, Russia will supply a plant to assist in Egypt's five-year industrialization program. The Russian factory will produce basic materials for the manufacture of penicillin, acetylsalicylic acid, sulfa drugs, streptomycin and plasma.

The only raw materials available locally are some salts, some alcohols and glycerine. One laboratory produces extracts from medicinal herbs such as khillin from the fruit of ammi visanaga, and meladinine from the fruit of ammi majus L. Both these products are exported to Europe. There is no local production of animal extracts such as liver extracts, hormones, etc. A list of the usual sources of supply for imported raw materials is given below:

USUAL SOURCES OF SUPPLY AND APPROXIMATE PRICES

Antibiotics	4,000 kilos from Holland, West Germany and Austria. Penicillin $40 and dihydrostreptomycin $60 per kilo C.I.F.
Sulfas	24,000 kilos from Italy, Czechoslovakia and West Germany, Rumania and Hungary. Sulfadiazine from Italy at $7.50. Sulfanilamide and sulfaguanidine from Czechoslovakia at $1.60 and $2.30 per kilo C.I.F. respectively.
Vitamins	1,000 kilos of Vit.B1; 150 kilos of Vit.B2; 500 kilos of Vit.B6; 20 kilos of Vit.B12; 6,000 kilos of Vit. C; 1,000 kilos of nicotinamide and 500 kilos of nicotinic acid from Denmark, Switzerland, Austria, and West Germany. Vitamin B12 is imported at $2.10 per gram. Vitamin B1 comes in 15-kilo containers from Denmark at $29.20 per kilo C.I.F.
Salts	60,000 kilos of sodium salicylate; 70,000 kilos of magnesium sulphate; 50,000 kilos of sodium bicarbonate; 20,000 kilos of citric acid, and 83,000 kilos of other salts from West Germany, Holland and Russia.
Antipyretics	60,000 kilos of acetylsalicylic acid; 10,000 kilos of phenacetin; 250 kilos of codeine standard, and 100 kilos of codeine phosphate from West Germany.
Oils	8,000 kilos of castor oil; 60,000 kilos of cod liver oil, and 40,000 kilos of white soft paraffin from the Netherlands, Norway and West Germany. Also 20,000 kilos of yellow soft paraffin from the United States.
Other Items	2,000 kilos of lipotropes, disinfectants, and anaesthetics.

The Future of the Import Trade

Following the Suez crisis, the pharmaceutical import trade in Egypt was seriously disrupted. The country had been heavily dependent on the United Kingdom and France for its needs and the businesses of a number of the larger importers, British and French owned, were sequestrated. Early in 1957 the Government set up a

Supreme Board of Pharmaceuticals and Medical Requisites with wide powers and terms of reference to determine the country's needs and how to meet them and to formulate policy on imports, distribution and local production. The task is complicated by the nature of the trade and the quantity and variety of drug products.

It was decided to allocate foreign exchange to the local industry to the value of £E.750 thousand for the import of raw materials during the last six months of 1958. To illustrate the emphasis being placed on the local production of finished products, this figure is six times greater than the value of raw materials for industry imported in 1956. A list of required drugs and chemicals has been issued and it is the Board's intention to call for offers and then purchase in bulk for the whole industry. But exporters should note that the policy and procedure outlined above may be changed in the future as circumstances dictate.

Egypt has a single-column customs tariff that applies to all nations. Countries with which Egypt has trade and payments agreements, such as those in the Communist bloc, enjoy an advantage over Western European countries, Canada and the United States, in that foreign exchange for the latter is available only after payment of a premium not exceeding 30 per cent. All imported chemicals and medicines must comply with the standards of the British Pharmacopoeia, the British Pharmaceutical Codex, the French Codex, the U.S. Pharmacopoeia or any European pharmacopoeia. •

IRAN—*Pharmaceutical importers buy mainly packaged medicines, though some import raw materials to make a few basic remedies. Opportunities for Canadian manufacturers are slight.*

JOHN D. BLACKWOOD,
Assistant Commercial Secretary, Karachi.

IMPORTS of pharmaceuticals into Iran were valued at over $7 million in 1955-56. Almost all of these products were packaged medicines ready for consumption, though some were used by small manufacturers who produce mainly tinctures and galenicals. Leading suppliers are the United States, with 30 per cent of the market, followed in order by Switzerland, France, Germany and the United Kingdom. Germany and Switzerland compete generally over the whole range of drugs, and the U.S. particularly in antibiotics, antileprous and anti-cancerous medicaments, and in penicillin.

A price-control order is in effect limiting retail prices to a 45 per cent mark-up over the landed price. Exporters must furnish price lists before an import permit is granted and no items are licensable until they are registered with the Ministry of Health in Tehran. With the intention of encouraging local production of foreign preparations, the Ministry of Health carefully scrutinizes all applications and does not sanction the import of pharmaceuticals involving "non-essential and simple-formula" products. No new product may be accepted for registration unless it can be proved that no substitute is already registered. •

MIDDLE EAST—*Iraq established its first pharmaceutical plant last year; other countries in this area may follow suit and the market for raw materials may grow.*

C. O. R. ROUSSEAU, *Commercial Secretary, Beirut.*

THE market for packaged medicines and pharmaceutical preparations in the Middle Eastern countries of Lebanon, Syria, Iraq, Jordan, and the Sheikhdoms of Kuwait and Bahrain is large and varied, but the consumption of raw materials in the manufacture of pharmaceuticals is limited. Except for Iraq, none of the countries mentioned has a pharmaceutical industry and they all rely almost entirely on imported finished pharmaceutical products. Raw materials used by druggists in the preparation of prescriptions form a small percentage of the pharmaceutical products imported.

Iraq Begins Production

It was not until the beginning of 1958 that the first pharmaceutical factory was opened in Iraq; it is owned by the Iraqi Pharmaceutical Industry Company. Apart from its own lines, this company will manufacture under licence some of the products of Boots and of British Schering of the United Kingdom and also of Union Chimique Belge. The Belgian company acted as consultant for the installation of the plant. The factory consists of four departments: a pill department with a capacity of 130 million units per year; an ointment department capable of producing 80 tons a year; a syrup department with a production of 100 litres daily, and an ampoule department with a filling capacity of 25,000 units per day plus its own ampoule-producing facilities of 15,000 units per day.

Definite information on the specific products to be made in this plant is not yet available but because of

the British and Belgian interest in the Iraqi company, it is expected that the raw materials will be obtained through these two countries.

What Iraq Imports

Iraqi statistics will not reflect the changes brought about by the opening of the new factory in Baghdad until sometime this year, or even later. However, the information available shows that 1955 imports were as follows:

Inorganic acids	140 tons valued at ID11,300. The main suppliers were U.K. 65 tons, Egypt 33 tons, Holland 15 tons.
Organic acids	105 tons valued at ID9,662. The main suppliers were Denmark 50 tons, Holland 20 tons, U.K. 19 tons.
Alkaloids and their salts	85 tons valued at ID12,544. The main suppliers were Germany 55 tons, U.K. 24 tons, Holland 6 tons.
Medicinal plants and herbs	71 tons valued at ID18,601. Main suppliers were Iran 30 tons, U.K. 8 tons, India 11 tons, France and the U.S. 5 tons each.
Pharmaceutical raw materials of animal origin.	No statistics are published.

Imports into Lebanon and Syria

In Lebanon, where druggists are virtually the only users of these raw materials, imports of medicinal roots, herbs and barks totalled L£5,455 in 1955, L£13,171 in 1956 and L£6,678 in 1957; the principal sources were Syria and Belgium. Exports of similar plants, however, reached L£11,785 in 1955, L£5,670 in 1956 and L£34,438 in 1957. France was in each year the main importing country, followed by Germany, Jordan and Egypt. These statistics all exclude ergot, sarsaparilla, ipecacuanha, hydrastis, senega roots, jaborandi and jallap, which are included in a basket item with only nominal values—L£384 in 1955 and L£2,494 in 1956. No figures are available for 1957. The main supplying countries were China and Syria. Exports from Lebanon in the same years were L£12,492, L£3,465 and L£462 respectively and the main suppliers were France and Cyprus.

Chemicals imported into Lebanon for pharmaceutical use include anaesthetic and therapeutic gases from Germany and the United States valued at L£4,000 a year, nitric acid from Germany with a value of L£570, sulphuric acid from the United Kingdom and Germany valued at L£707, and citric acid from France and Holland, valued at L£17,650 in 1955 but with no imports shown for both 1956 and 1957. The only pharmaceutical products of animal origin imported are peptone, lecithin and nuclein, which come entirely from the United States and Holland and are lumped together for statistical purposes. Imports totalled L£4,000 in 1955, L£7,000 in 1956 and L£4,000 in 1957.

In Syria, rather the same situation prevails as in Lebanon; the country exports more medicinal herbs, roots and barks than it imports. Again excluding ergot, sarsaparilla, ipecacuanha, hydrastis, senega root, jaborandi and jallap, imports of this type of raw materials amounted to S£1,835 against exports worth S£12,157 in 1955; the figures for 1956 were S£4,718 imported against S£15,561 exported. Statistics for 1957 are not yet available.

Import Trade Controls and Tariffs

The import control regulations and customs tariff on pharmaceutical raw materials vary with each country. In Lebanon, import permits must be obtained from the Ministry of Health but they are granted without much difficulty. The customs tariff varies from 11 per cent on specified items to 25 per cent for other, non-specified items. A municipal tax of 3 per cent is also imposed.

In Syria, imports are subject to prior licence and the issue of a licence is contingent on the Syrian importer opening an irrevocable letter of credit with an officially approved bank. The rates of import duties are 7 per cent for specified items and 15 per cent for non-specified items. There is also a municipal tax of 3.30 per cent ad valorem on all imports plus a defence tax of 15 per cent of the customs duty and a school tax of 2 per cent of the duty.

Imports into Iraq come under a hard currency allocation program. The following were the allocations for 1958:

Basic materials for industry	ID250,000
Seeds and plants	ID 20,000
Various chemicals	ID 50,000

These quotas include products for the pharmaceutical industry as well as for other purposes. Import duties are 5 per cent for specified and 15 per cent for non-specified items.

In Kuwait, import permits are not required and a flat rate of 4 per cent customs duty is payable. Imports also enter Bahrain freely and the customs duty is a flat 5 per cent. These tariffs apply to most countries, except where there are trade agreements between Arab states.

The countries covered by this report do not yet offer a very large market for pharmaceutical raw materials, but the new factory in Iraq and the fact that medicinal preparations are sold in considerable volume in all these countries should mean the opening of other factories in this area in the future. Demand for pharmaceutical raw materials should then increase. ●

Trade and Tariff Regulations

Argentina

EXCHANGE REFORM—A cable of December 30 from our Commercial Counsellor in Buenos Aires advises that the Argentine Government has announced sweeping changes in its system of economic controls effective January 1, 1959. The official exchange rate of 18 pesos per U.S. dollar is abolished. Under the new exchange system both the official and free exchange markets are abolished and are replaced by a new single free market where the unpegged peso will fluctuate freely according to supply and demand.

The former import and foreign exchange control system, including quotas, certificates of necessity, and other restrictive measures, is completely abolished and replaced by a free import system under which imports are divided into four categories. The first category is not taxed but the other three are subject to surcharges (import taxes) amounting to 20, 40 and 300 per cent of invoice value in addition to cash deposits equalling invoice value made prior to arrival of goods.

The free rate also applies to all exports, but these are subject to retention taxes varying from 10 to 20 per cent ad valorem.

Detailed information regarding treatment of specific products is expected to be available shortly from the International Trade Relations Branch of the Department.

Bermuda

LICENSING ANNOUNCEMENT—Bermuda has announced a measure of dollar trade liberalization to take effect January 1, 1959. The number of items import of which will continue to be prohibited from dollar countries as of that date has been reduced. The revised list of goods which, according to the Bermuda authorities, cannot be imported from dollar countries is as follows:

Auto-cycle and bicycle propulsion units
Automobile spare parts (except for Canadian and United States vehicles, the specific import of which has been permitted)
Carpets and rugs (i.e. woollen, jute, mohair and wool pile fabrics)
Cement
Comic books and comic magazines
*Elevators
Fireworks
*Juke boxes
Linen goods (except linen clothing)
Luggage, leather and fibre
*Motor vehicles
Perfume (except cologne and toilet water)
Suitcases, leather and fibre

The Commission will also be prepared to consider all applications for the import of water trucks.

---

*In cases where special circumstances exist, the Commission will consider imports on their merits following written application by the importers, with full supporting particulars.

Europe

TARIFF REDUCTIONS IN COMMON MARKET COUNTRIES—On January 1, 1959, the members of the European Economic Community (Belgium, France, Germany, Italy, Luxembourg and the Netherlands) reduced tariffs on imports from each other by 10 per cent as a first step towards duty-free circulation of goods originating within their territories. At the same time the Six decided to make many of these reductions applicable to imports from countries outside the Common Market which are entitled to most-favoured-nation treatment. Canada receives such treatment through its membership in the General Agreement on Tariffs and Trade, and Canadian exports will, therefore, benefit from all reductions granted to countries outside the Common Market. These reductions are temporary and will apply for an undetermined period.

Detailed information on the tariff reductions applicable to Canada is not yet available. However, it is understood that they will generally amount to 10 per cent of existing duties. It is not yet clear, however, to what extent each of the countries concerned will be making such reductions. The reductions will not apply to goods on which the duty is now equivalent to or below the proposed rate of the future common tariff of the EEC countries, which has not yet been made public in its entirety; to products coming under the regime of the European Coal and Steel Community; to some agricultural

products; and to certain goods on which temporary reductions are already in force. For goods on which the rates of the common external tariff have not yet been determined (such as those on list "G" annexed to the Treaty establishing the EEC) members of the Common Market are determining individually whether to grant reductions to imports from non-member countries.

Detailed information on tariff reductions applicable to Canada will be published as soon as it is received.

Ireland

IMPORT CONTROLS—By eight Orders of the Government of the Republic of Ireland, issued under the Control of Imports Acts 1934 and 1937, further quotas and quota periods have been announced as follows:

Certain boots and shoes (other than rubber): 100,000 pairs.
Rubberproofed clothing: 1,000 articles.
Certain completely or substantially assembled motor car chassis with bodies or body shells attached: 20 articles.
Any completely or substantially assembled motor vehicle chassis without a body or body shell attached: 50 articles.
Certain completely or substantially assembled road vehicle bodies or road vehicle body shells, imported otherwise than attached to chassis: 50 articles.
Certain motor car body parts: 10 articles.
Certain hats, caps, hoods and shapes (costing less than 21/- each): 30,000 articles.
Certain completely or substantially assembled mechanically propelled vehicles: 26 articles.

The period fixed in all of the above cases extends from January 1, 1959, to December 31, 1959. In every case the quota is unchanged from the previous twelve months' period—Dublin.

Taiwan

TRADEMARK LAW REVISED—The Government of the Republic of China in Taiwan has recently amended its Trademark Law, making it possible for Canadians to effect registration of trademarks in that country. Full procedures for licensing trademarks have not yet been set out, but it is expected that details will be available at a later date. Interested Canadian firms should address inquiries to the Canadian Consul General and Trade Commissioner, Manila, Philippines—Manila.

United Kingdom

TOKEN IMPORT SCHEME—Notice has been received from the United Kingdom Board of Trade that the United Kingdom Token Import Scheme will be continued for 1959 on the same basis on which it was operated in 1958. The list of commodities which may be shipped under the scheme has been changed by transfers to Open General Licence that eliminate requirement for vouchers. After June 30, quotas outstanding unvouchered will again become transferable for the benefit of other firms requiring them. These unvouchered quotas will be advertised in *Foreign Trade* as they were in the July 19, 1958, issue.

The usual notice and a revised list of commodities will be going forward to all participants in the scheme.

NEW CUSTOMS AND EXCISE TARIFF—A new tariff, based on the internationally agreed system known as the Brussels Nomenclature, came into effect in the United Kingdom on January 1, 1959. The new tariff brings together in one instrument the previous acts relating to duties, revised and codified in a systematic classification.

It was not intended that the new tariff should alter rates of duty except in a few marginal cases to simplify administration.

New Commonwealth Preference regulations which lay down the conditions for eligibility for preference came into effect concurrently with the new tariff. These regulations reproduce, in effect, the former Imperial Preference regulations. There is no change in the policy of granting preferences to Commonwealth goods.

The revised tariff on specific commodities and information regarding the Commonwealth Preference regulations may be obtained on request from the International Trade Relations Branch, Department of Trade and Commerce.

Opportunity in Ceylon

The Ceylon Ceramics Corporation invites tenders for the supply and erection of machinery for a complete kaolin factory or for one or more sections. Building and other civil engineering works are not included. Sealed tenders in quadruplicate, mailed either direct or to the office of the Canadian Commercial Secretary in Ceylon, must be received by the Chairman, Ceylon Ceramics Corporation, 110 General's Lake Road, Colombo 2, Ceylon, on or before January 31, 1959.

The factory, which is to be erected at Boralesgamuwa, nine miles from Colombo, is to have an initial annual output of 1,500 tons of refined kaolin and 4,000 tons of filler grade, assuming 300 working days a year and one eight-hour shift a day.

Preference will be given to tenderers who accept responsibility for co-ordinating the delivery of the machinery and for handing over the plant as a working unit after a production test of six months.

Interested Canadian firms can obtain specifications and further information from the Engineering and Equipment Division, Department of Trade and Commerce, Ottawa.

The following nominal quotations may prove useful in checking prices. Canadian traders should consult their banks before making any firm commitments.

Conversions into Canadian dollar equivalent and units of foreign currency per Canadian dollar have been made at cross rates with sterling or the United States dollar on the date shown.

Except when buying and selling rates are specified, the mid rates only are quoted. The buying rate is that at which the banks purchase exchange from exporters. The selling rate is that at which banks sell exchange to importers.

When several rates are indicated, the rate applicable depends on the commodity traded. Information on the rate for any specific commodity may be obtained from the International Trade Relations Branch, Department of Trade and Commerce, Ottawa.

Rates used exclusively in non-merchandise trading are *not* included in the table.

For conversion to United States dollar equivalent multiply by 1.03594.

foreign exchange rates

Country	Unit	Type of Exchange	Can. dollar equivalent January 5	Units per Canadian dollar	Notes (see below)
Argentina	Peso	Official	†	†	(1)
		Free			
Austria	Schilling		.03713	26.93	
Australia	Pound		2.1660	.4617	
Bahamas	Pound		2.7075	.3693	
Belgium, Belgian Empire and Luxembourg	Franc		.01934	51.71	
Bermuda	Pound		2.7075	.3693	
Bolivia	Boliviano	Free	.00008449	1183.57	
British Guiana	Dollar		.5641	1.77	
British Honduras	Dollar		.6769	1.48	
Brazil	Cruzeiro	General Category*	.004781	209.18	*Dec. 10 (2)
		Special Category*	.003208	311.73	
		Official buying	.05128	19.50	(3)
Burma	Kyat		.2027	4.93	
Ceylon	Rupee		.2031	4.92	
Chile	Peso	Free	.0009731	1027.64	(4)
Colombia	Peso	Certificate	†	†	
Costa Rica	Colon	Official	.1719	5.82	
		Controlled free	.1453	6.88	
Cuba	Peso		.9653	1.03595	tax 2%
Czechoslovakia	Koruna		.1341	7.46	
Denmark	Krone		.1398	7.15	
Dominican Republic	Peso		.9653	1.03595	
Ecuador	Sucre	Official	.06436	15.54	
		Free	.05801	17.24	
Egyptian Region, United Arab Rep.	Pound	Official	2.7720	.3608	
	"	Export account selling	2.0275	.4932	
El Salvador	Colon		.3861	2.59	
Fiji	Pound		2.4392	.4099	
Finland	Markka		.003017	331.46	
France, Monaco and North Africa	Franc		.001967	508.39	(5)
French colonies in Africa	Franc		.003934	254.19	(6)
French Pacific	Franc		.01082	92.42	(7)
Germany	D Mark		.2309	4.33	
Ghana	Pound		2.7075	.3693	
Greece	Drachma		.03217	31.08	
Guatemala	Quetzal		.9653	1.03595	
Haiti	Gourde		.1931	5.18	
Honduras	Lempira		.4827	2.07	
Hong Kong	Dollar	Free*	.1669	5.99	*Dec. 19
		Official	.1692	5.91	
Iceland	Krona	Official	.05927	16.87	(8)
India	Rupee		.2031	4.92	
Indonesia	Rupiah	Effective buying	.03188	31.37	*Dec. 1 (8)
		Effective selling	.02550	39.21	
Iran	Rial	Certificate	.01274	78.47	

*Latest available quotation date.
†Not available.

Country	Unit	Type of Exchange	Can. dollar equivalent January 5	Units per Canadian dollar	Notes (see below)
Iraq	Dinar		2.7029	.3699	
Ireland	Pound		2.7075	.3693	
Israel	Pound		.5363	1.86	
Italy	Lira		.001550	645.16	
Japan	Yen		.002682	372.86	
Lebanon	Pound	Free	.3045	3.28	
Mexico	Peso		.07723	12.95	
Netherlands	Florin		.2558	3.91	
Netherlands Antilles	Florin		.5154	1.94	
New Zealand	Pound		2.7075	.3693	
Nicaragua	Cordoba	Effective buying	.1462	6.84	
		Official selling	.1370	7.30	
Norway	Krone		.1351	7.40	
Pakistan	Rupee		.2031	4.92	
Panama	Balboa		.9653	1.03595	
Paraguay	Guarani	Official	.008697	114.98	
Peru	Sol	Certificate	.03866	25.87	
Philippines	Peso		.4827	2.07	
Portugal & Colonies	Escudo		.03369	29.68	(9)
Singapore and Malaya	Straits dollar		.3159	3.17	
Spain and Dependencies	Peseta	Controlled free	.02298	43.52	(8)
Sweden	Krona		.1866	5.36	
Switzerland	Franc		.2239	4.47	
Syrian Region, United Arab Rep.	Pound	Free	.2695	3.71	
Thailand	Baht	Free	.04617	21.66	(8)
Turkey	Lira		.1073	9.32	
Union of South Africa	Pound		2.7075	.3693	
United Kingdom	Pound		2.7075	.3693	
United States	Dollar		.9653125	1.03594	
Uruguay	Peso	Free	.09291	10.76	
		Basic buying	.6369	1.57	(8)
		Principal selling	.4587	2.18	
Venezuela	Bolivar		.2882	3.4698	
West Indies Fed.	Dollar		.5641	1.77	(10)
	Pound		2.7075	.3693	(11)
Yugoslavia	Dinar		.003217	310.85	(8)

*Latest available quotation date.

notes

1. Argentina: Effective Jan. 1, 1959, a single fluctuating exchange rate was introduced. Exports are subject to retention taxes of either 10 or 20 per cent ad valorem under this system.
2. Brazil: exporters receive cruzeiros at official rate plus exchange premiums ranging from 18.70 to 48.64 cruzeiros per U.S. dollar, depending on product.
3. For imports of wheat, newsprint and petroleum, the effective rate of exchange is the official selling rate plus a surcharge of 61.18 cruzeiros..
4. Chile: free rate applies to exports and to imports, except prohibited imports. Chilean importers must deposit local currency in amounts ranging from 5 to 5,000 per cent, depending on product, prior to shipment of goods.
5. France: territory includes Algeria, Tunisia, Morocco, Guiana, Guadeloupe, Martinique.
6. Equatorial Africa, West Africa, Cameroons, Togoland, Somaliland, Madagascar, Reunion, St. Pierre and Miquelon.
7. New Caledonia, New Hebrides, Oceania.
8. Additional rates are in effect.
9. Portugal: approximately same rate for Portuguese territories in Africa.
10. Barbados, Trinidad, Tobago, Leeward and Windward Islands.
11. Jamaica.

The Queen's Printer
OTTAWA

If undelivered return to:
The Queen's Printer, Ottawa, Canada